密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTSING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

WANG CHING-WEI ON A MODERN STATE AND SOCIETY

WANG CHING-WEI, head of the Executive Yuan and concurrently Minister of Foreign Affairs, is doubtlessly a very busy man with his official duties, but he nevertheless occasionally finds time to contribute articles to the *People's Tribune*, fortnightly journal devoted to national revolutionary thought and action. One of his most interesting articles appeared in the July 1 issue and was devoted to some misconceptions about "democracy" and "modernism." We were particularly interested in the last paragraphs which struck at the current "waves of reaction" which are sweeping various parts of the country and apparently are aimed at the elimination of what the Chinese designate as "mo-teng," or anything which pertains to modern-style. A list of these so-called modern activities which recently have been officially banned in various parts of the country would fill a column in *The Review*, hence we do not have space for all of them. A few examples, however, will indicate the tendency: In Canton the officials have banned mixed bathing and forbidden kissing in the public streets. In Tsinan, capital of Shantung, Chinese women are not permitted to curl their hair and any woman observed wearing a permanent wave is likely to be taken to the nearest barbershop where her locks will be clipped off under police supervision. In Peiping no Chinese is permitted to dance in a cabaret and in many parts of the country orders have been issued against the new-style women's gowns which are split up the sides, while the summer custom of appearing stockingless is frowned upon almost everywhere.

Wang Ching-wei designated these official measures against modern tendencies as an "exhibition of ignorance and a retrograde step such as could be approved of only by mediaeval minds." He said that Chinese girls are not in any way inferior to their foreign sisters and any move to again shut them up at home behind closed doors and iron gates "is a return to the ideas of an unenlightened age which must stultify all efforts at progress." Mr. Wang then went still further and declared that China's conservatism was largely responsible for the country's lack of progress.

"China was the first country to invent paper and gunpowder at a time when most other nations were incomparably our inferiors in culture and in the arts and sciences. But what then happened? They imbibed our ideas, enlarged and improved on them, and are now far ahead of us, whereas we have been content to remain stationary and see others pass us by. . . . it is high time that we reform and make an effort to catch up with world progress—that we strive to establish a Modern State and a Modern Society." Referring to the New Life Movement, Mr. Wang said that it represented only one phase of the nation-wide movements which are now spiritually transforming the country, and that misconceptions of the true significance of modernism were largely to blame for the senseless opposition seen in some quarters to all things modern. The restoration of the old order, according to Mr. Wang, can never bring about China's salvation; hence China must resolutely adopt all that is desirable in things and ideas that are modern and at the same time cease looking back wistfully upon what is nothing but an old and decrepit order, whose collapse is inevitable in the process of China's national evolution.

PRINCE FUMIMARO KONOE MET SOME INTERESTING AMERICANS

A FEW weeks ago (June 30) *The Review* reprinted a dispatch from the Japanese newspapers which quoted Thomas W. Lamont, leading partner of Morgan and Company, as being opposed to any international loans to China "in disregard of Japanese opinion." The dispatch appeared in the *Osaka Mainichi* and other leading Japanese newspapers shortly following the announcement of Japan's famous "hands off" declaration and in addition to expressing approval of the loan phases of Japan's declaration, Mr. Lamont also was quoted as declaring that no further money should be advanced to China from any quarter unless the Nanking Government would agree to honor "all its existing loans." The dispatch alleged that Mr. Lamont had expressed these views in the course of conversations with Hiroshi Saito, Japanese Ambassador to Washington and also, apparently, with other leading Japanese who were visiting in America, including Masao Matsukata and Ryozo Asano. The Japanese naturally made much of the report because it appeared that Lamont, the organizer of the International Banking Consortium and an executive of the important Wall Street banking house of Morgan was a supporter of a Japanese policy which had received the strong disapproval not only of the American Government but also of practically every important nation in Europe with the exception of Germany.

Now we have another interesting, and if true, not altogether similar expression of views from Mr. Lamont regarding the internal workings of the American Government with respect to its Far Eastern policies. This statement was brought back to Japan by Prince Fumimaro Konoe, head of the House of Peers who spent several months in the United States on a "good-will" tour. It seems that Prince Konoe, like all other prominent Japanese who visit America, also went to see Mr. Lamont in order to obtain the famous banker's views on Japanese-American relations. According to a summary of Prince Konoe's official report to the Japanese Cabinet on the status of public opinion in America with respect to Japan, which appeared in the *Osaka Mainichi* on August 9, the directing genius of American diplomacy from the standpoint of Far Eastern affairs is Dr. Stanley K. Hornbeck, chief of the Far Eastern Division of the State Department, who has been in office for practically ten years and is recognized as an authority on international law. We now repeat Prince Konoe's exact words as they appeared in *The Mainichi:*

> "Dr. Hornbeck's influence on public opinion in New York is considerable. Thomas Lamont of the Morgan firm told me that President Roosevelt is no expert in diplomacy and that Secretary of State Cordell Hull is more of a financier than a diplomat and is particularly unfamiliar with affairs of the Far East. He said that under the circumstances, Dr. Hornbeck has a rather important say in America's policy in the Orient."

At another place in the interview Prince Konoe referred again to his conversation with Mr. Lamont, stating that on his first visit to New York, Lamont was the only person he met. Prince Konoe then quoted Lamont to the following effect:

> "Though one may say that the Manchurian question cannot now be helped because it is a thing of the past, what is Japan going to do about the territory of China? Where is the limit to be? Furthermore, it is hard to understand why Japan will not cooperate with us in joint economic aid to China.
>
> "Mr. Lamont appeared to have been influenced by his interview with Dr. Ludwig Rajchman, the League's expert to China, when he passed through New York some time ago. Mr. Lamont seemed to feel that what the Chinese declare had an appeal for the Americans. He seemed also to harbor the belief that Japan is carrying out many moves with the idea of monopolizing China.
>
> "Regarding these points, I endeavored to explain the truth. In my talk with Mr. Lamont, he stated he would discuss everything frankly. In truth, he complained considerably of the methods employed by Nippon. His opinions I brought back among my many references to American opinion."

Among the other interesting Americans whom Prince Konoe met were Colonel E. M. House, former close personal adviser of the late President Woodrow Wilson; former Vice-President Charles G. Dawes and Silas H. Strawn, who once visited China as the head of a commission which investigated exterritoriality following the Washington Conference in 1922. Colonel House, in the opinion of Prince Konoe, still enjoys considerable influence. After having luncheon with Col. House, the following interview was reported:

> "Colonel House commenced criticism of Japanese policies. Four years before the Great War, the Colonel met the Kaiser as President Wilson's personal representative. On this occasion he told the Kaiser that if

he continued his policy, sooner or later, there would be war between Germany and Great Britain. The Colonel remarked that everything Japan does point toward making her a second Germany. The world at large is at present involved in a sort of vast revolution. Taking advantage of this, Japan is attempting a gigantic plot in the Far East. He said that he is in possession of plenty of information, mostly Chinese, about it. He said that Chinese call at his house almost every other day. He said, however, that although he is in a position to be drawn into sympathy with the Chinese, he must confess that he likes Japan. On parting Col. House told me sincerely, 'Please conduct the affairs of your country with prudence.' "

On his way back to Japan from Washington and New York, Prince Konoe stopped off in Chicago where he visited the Exposition and discovered, incidentally, that the Soviet Ambassador, Mr. Troyanovsky, had delivered an address there which had created the impression that if war broke out in the Far East, "if would be on the initiative of Japan, that Russia was moving forward with pacific plans and would never start a war." While in Chicago, Prince Konoe met the former Vice-President, Charles G. Dawes and Silas H. Strawn, the last mentioned being described as a presidential candidate. Both of these gentlemen appealed to Prince Konoe as "broad-minded," apparently due to the fact that both were enthusiastic supporters of Japanese policy. General Dawes was quoted as declaring that if Mexico had acted toward the United States as the Chinese had acted toward Japan in Manchuria, "the United States would surely have gone further than Japan has." Lawyer Strawn also was sumpathetic toward Japan and concurred in the views expressed by General Dawes. Prince Konoe concluded, however, with the statement that the majority of Americans held views similar to those expressed by Colonel House. These views he summarized in the following words:

"There prevails deplorably enough, talk of an American-Japanese war. The United States, however, has no definite pretext to start trouble with Japan; neither does she want such trouble. America has supported the international treaties and peace arrangements thinking that they are conducive to the welfare of the world. If Japan thinks that those treaties and peace arrangements do not apply to the actual situation in the Far East, it is incumbent upon Japan to suggest new principles and treaties and to consult the American view about them.

"The Americans say that Japan has repeatedly declared that she recognizes the principles of peace and international amity, but that what she has been doing does not quite harmonize with her declarations. Evidently, they do not precisely know what are Japan's aspirations in the Orient, what are her policies. They are under a serious misunderstanding.

"Regarding the naval question, the American people in general are rather meagerly informed. They say that it is too much for Japan to ask the same naval strength as Great Britain and the United States. They seem to take the Japanese claim for naval parity as naval equality. Some newspapermen expressed surprise on hearing that what Japan required was not equality but parity and that there was a difference between them. On the whole, I can say that the average Americans do not think it quite proper for Japan to ask for the same naval ratio as England and America."

AMERICA'S WASTEFUL ACTIONS OVER THE LOCAL CONSULATE

THE local American Chamber of Commerce has requested American firms and individuals to write to their home senators and representatives urging an early appropriation for the construction of a new U. S. governmental building in Shanghai to house the consulate-general, court, commercial attache and other American governmental organs here, all of which are housed in rented property. The Chamber mentioned specifically a bill (H. R. 9710) which was introduced in the House of Representatives at the last session by George Holden Tinkham, Representative from Boston. Mr. Tinkham was in Shanghai last winter and was convinced of the need for early congressional action, but the bill which he introduced failed to pass.

While the Chamber of Commerce is to be commended for its resolution urging early congressional action on this matter, we doubt whether anything will be done in this regard until the American people at home have been fully informed regarding the short-sighted wasteful policy which the officials of the U. S. Government have followed with respect to its consular premises here. For many years the American consulate was housed in rented premises and in consequence was compelled to peregrinate from one location to another at the pleasure of local landlords. Then the Government suddenly decided to settle down in its own premises on the bánks of the Whangpoo river in the Hongkew section, the particular location being wedged in between the Japanese and German consulates. The selection of this particular piece of property was of some significance because it had been purchased and held for a considerable time by the late Edward Ezra, who, at that time was head of the local opium monopoly and who also, at that time happened to be the proprietor of the Astor House Hotel, located in the same vicinity. Ezra was lauded in the local press at the time for his "patriotic" action in purchasing and holding the property for the American Government. But regardless of Ezra's motives in helping the American Government to obtain consular property within a few steps of his Astor House Hotel, the deal turned out to be a fortunate one for a considerable number of years, for the property due to its location on the river bank, greatly increased in value. There was one adverse element, however: the buildings on the property were constructed of cheap mud bricks and quickly deteriorated.

A few years ago when the American Government inaugurated a policy of constructing its own buildings over the world, Congressman Stephen G. Porter of Pittsburgh introduced a bill in the House of Representatives providing an appropriation for a new building here. Porter had been in China on two occasion and was familiar with the situation; as a matter of fact he became rather over-enthusiastic, for his original plan was to build a replica of the White House here. However, he later gave up this idea and finally

got an appropriation sufficient to finance the drawing of the plans by a Pittsburgh architect. It appeared that the new building, a modern office structure, was actually to be built and it doubtlessly would have been built had it not been for the unfortunate death of Congressman Porter who had been fathering the enterprise. Porter's untimely death, plus the depression, caused the scheme to be held in abeyance.

In the meantime there have been further developments in Shanghai which have proved that Uncle Sam is an extremely poor businessman. When it appeared more or less certain that the Government was going ahead with its new consular building, the local consular officials were instructed to move to temporary (rented) premises in order that the old buildings could be torn down and preparations made for the construction of the new building. This was done and thus another chapter was written in the perigrinations of the local American consulate. It happened that another old brick building, previously occupied by a hotel, was vacant. The property was owned by a Chinese bank and the rental arrangement was in the hands of a local American realty concern. The deal went through and the American consulate moved in, it being necessary, incidentally, for the State Department to expend a considerable sum in modernizing the structure. Now the years have continued to roll by and this "temporary" structure, also constructed of cheap mud-bricks, has become the more or less permanent home of the U. S. Government in Shanghai. Rumors persisted that the rent which Uncle Sam was paying for this building was exorbitant, and it is understood that a considerable reduction was made last year, but only after a threat had been made to move to another location. On May 23 of this year the realty company which has the agency for the building, inserted a statement in the local *Evening Post* which included the following interesting paragraph:

> "Naturally, we do not wish to seem to quarrel for a moment with the campaign which is being revived for the building of a new building for the Consulate-General and other government offices, on land owned by the American government already. But we do feel that the enthusiasm of the printed matter for the new building should not reflect in any unwarranted manner upon the present building now being occupied."

This statement was preceded by an explanation claiming that approximately $200,000 had been expended on the old structure in order to make it servicable for the offices of the consulate and residential quarters for the staff. Also, it was claimed that while the building was not modern originally, it is now "much more efficient and safe than the quarters housing a majority of the consulates here."

This statement of the realtor who is receiving a handsome return on an old building which otherwise might be vacant, may be perfectly correct, but it doesn't prove that Uncle Sam is a good businessman, for while the American tax-payers are supplying the funds for the rental of this old property, the valuable site in the Hongkew section which is owned by the U. S. Government is standing idle and actually is being used by the staff of the local Japanese consulate as a free tennis court. Also, it might be mentioned, in order to make the story complete, that the Hongkew property, while still valuable because of its location on the river-front, is not now so desirable as a site for the new consular building. The reason is that Japanese activities in the Hongkew section since the undeclared Sino-Japanese war in 1932, have had the effect of converting that area into a sort of Japanese military preserve. Many members of the American community are convinced that this property should be sold and the new American governmental building—when it finally is constructed—should be located in the section of the Settlement where most of the Americans reside and have their business offices.

We hope that the present campaign of the local American Chamber of Commerce for a new governmental building here will be crowned with the fullest possible success, but we can't help feeling at the same time that if the Chamber would now go ahead and tell the whole disgraceful and and scandalous story, that the tax-payers at home might be inspired to do something about the matter. Also, the members of the local American community, who have a personal interest in the subject, might help the situation considerably by clipping out these paragraphs and enclosing them in their letters to members of the Senate and House of Representatives.

THE JAPANESE THREATEN MADAME SUN YAT-SEN

A FEW weeks ago Madame Sun Yat-sen, widow of the late Kuomintang leader, together with a number of others, including General Li Tu of Manchurian fame, issued a proclamation calling upon the Chinese people to rise and launch a "holy war" against Japan. A six-point program made public at the time included the confiscation of Japan's investments in China which are supposed to amount to two billion yen. Madame Sun's declaration was generally labeled as fantastic, but it was interesting in that it indicated there is still a strong undercurrent of resentment against the Japanese over the Manchurian issue, which a considerable section of public opinion does not regard as a closed incident. On August 5 the chief editor of the *Nichi-Nichi Shimbun*, one of the leading Japanese newspapers in Shanghai, wrote Mrs. Sun a letter inquiring whether she actually signed the manifesto calling for a holy war against Japan. The letter branded the manifesto as "an intrigue born of discontent with the Japan policy of the Nanking Government, aimed at achieving your ambition of an alliance with Soviet Russia." The letter from the Japanese editor concluded with a threat that if Mrs. Sun didn't reply within one week, "we will take the liberty of reporting the facts to our readers." Madame Sun Yat-sen replied to the Japanese com-

munication in characteristic manner, labeling the letter as insolent and provocative and declaring that it was not necessary for any patriotic Chinese "to look further than Yangtszepoo and Kiangwan (Chapei) to realize the real import of Japan's hypocritically and piously uttered desire to maintain peace in the Far East." In concluding her letter Mrs. Sun said that the Chinese people do not intend to accept the fates of Korea and Formosa and alleged that the new anti-Japanese organization which is now being formed also includes Korean and Formosan members—and in addition "some true and best representatives of the Japanese people."

British Policy on the Manchurian, China and Pacific Questions

A few months ago a well known British journalist then traveling in the Far East made the statement that despite all the commotion at Geneva and elsewhere, Great Britain would do nothing to oppose Japanese aggression either in Manchuria or China. He declared further that Britain would not risk a clash with the Japanese military authorities at Shanghai and if it became necessary to avoid a clash Britain would withdraw her forces from Shanghai and hand the International Settlement over to the Japanese. This statement by a reputable British newspaperman supposedly familiar with his country's policies in the Far East, attracted the attention of an American correspondent who reported it to his home office in the United States. In due course the statement of the Briton received the attention of an official of the U. S. State Department, who unofficially made inquiry about it at the British Embassy in Washington. We do not know what happened after that, but it was rumored that the British journalist who made the original statement about his country's policy, was soundly reprimanded by his superiors in London.

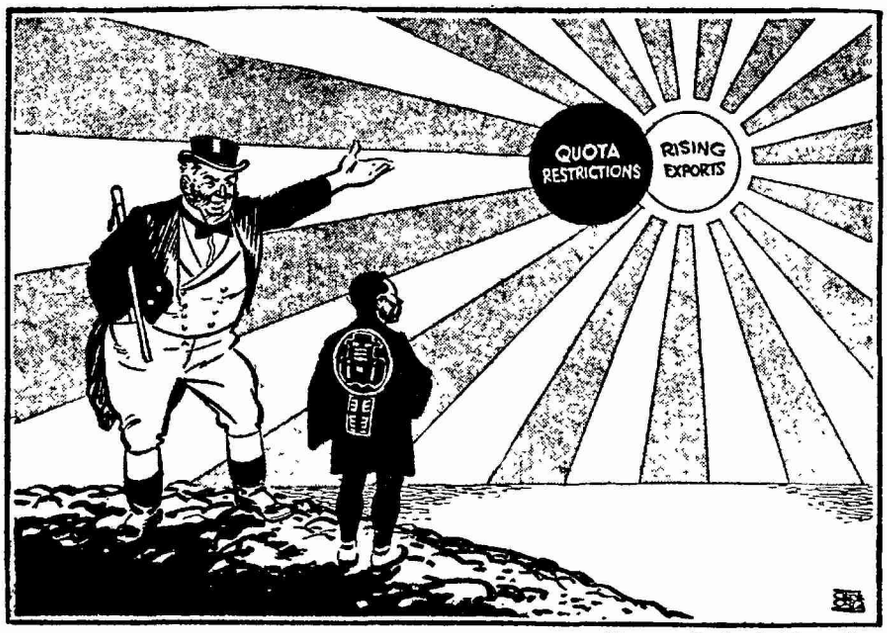
We repeat this story as an introduction to these paragraphs because it fits in with some further information about British policy in the Far East which recently has received considerable attention in the American newspapers. Arthur Sears Henning, well known Washington correspondent for *The Chicago Tribune*, wrote a long survey of the Far Eastern situation for his paper on July 16, in the course of which the following paragraphs appeared:

> "Those who are convinced that the industrial rivalry of Great Britain and Germany made war between those nations inevitable are now predicting that Britain is contemplating war as the means of crushing its formidable commercial foe in the Far East. They believe the only question in the British mind today is whether Britain must fight this war single handed or will be relieved of the necessity by some other power—that is, Russia or the United States.
>
> "Every little while something happens that causes American officials to suspect that the British hope the United States will fight this war for them and remove the industrial menace of Japan. They recall how the British, after subscribing to the Stimson doctrine in the Manchurian affair ran out on Mr. Stimson, leaving the United States to bear the brunt of Japanese resentment.
>
> "Only the other day an incident in London revived suspicions in Washington of what the British are up to. The British government gave it out that Norman Davis, President Roosevelt's Ambassador at Large, who is discussing the 1935 naval limitation conference in London, had proposed an Anglo-American combination against the Japanese demands for naval parity. The effect was to incense the Japanese against the United States. The truth was that the British government secretly proposed an anti-Japanese combine to Mr. Davis and what it made public was a part of Mr. Davis' reply."

These paragraphs referring specifically to British policy were preceded by long analysis of the situation in the Far East wherein Mr. Henning declared that "Japan is the disturbing element in the situation—so disturbing that war between Japan and Russia is an imminent possibility, between Japan and Great Britain a contingency by no means remote, and between Japan and the United States a perennial subject of discussion among the Nipponese, whose elder statesmen are much given to gratuitous pronouncements that a Japan-America war is unthinkable." Mr. Henning then told about how the British have feverishly speeded up work on their $50,000,000 naval base at Singpore, and, what will be news to most Far Easterners, how the British have been working for months to place in a state of greater preparadness their island of Hongkong off the coast of China. They have widened and improved a military road twenty miles long and made it capable of sustaining batteries of heavy guns. They have galleried the southwest sector of the Island like Gibraltar, blasting the granite to make embrasures for big guns to the height of 1,700 feet. On the heights a new telescope has been mounted for detecting the approach of ships. About 70 new guns, said to have a range of 18 miles, reached Hongkong a few months ago and were transported and placed in position with many precautions to preserve secrecy. The channels between the Island and the mainland have been mined.

Mr. Henning's analysis of Anglo-Japanese rivalry then extended into the trade field: "The deepened concern with which American officials are viewing the developments in the Far East has been engendered by certain aspects of the tension in the relations of Great Britain and Japan, which have become involved in a fierce trade war. The British have been the hardest hit by the recent industrial aggrandizement of Japan. The Japanese invasion of foreign market in North and South America, India, Australia, New Zealand, South Africa, and numerous other regions, with textile and other manufactures laid down for less than the cost of competing articles of British make, has proved a stunning blow to British industry. The British have retaliated with quota tariff and other measures designed to keep Japanese goods out of the British Isles and the crown colonies, which is as far as the British

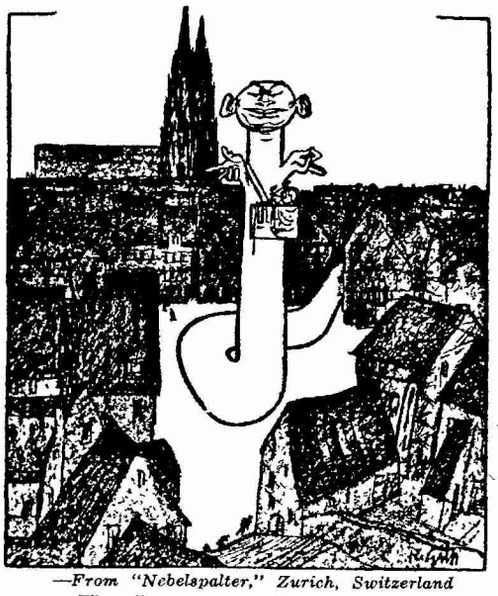
RISING TIDE OF PROTEST AGAINST JAPANESE TRADE COMPETITION



—Glasgow, Scotland, "Record"

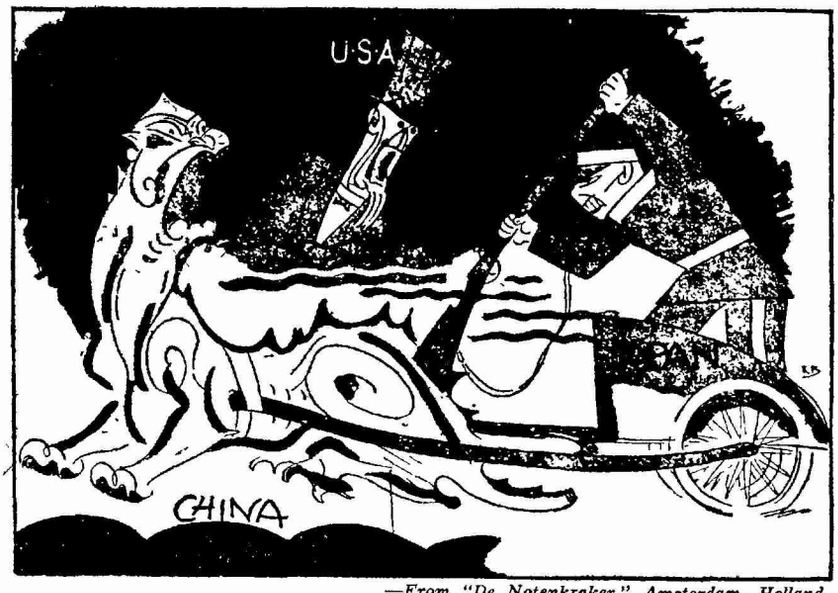
John Bull:—"Since you are so keen on spectacular effects, just take a look at this."

This page of cartoons reproduced from a recent issue of the American *Review of Reviews*, indicates the rising tide of public resentment against Japanese trade competition in world markets. The cartoons were reproduced from newspapers in Great Britain, Netherlands, Switzerland, Soviet Russia and Italy.



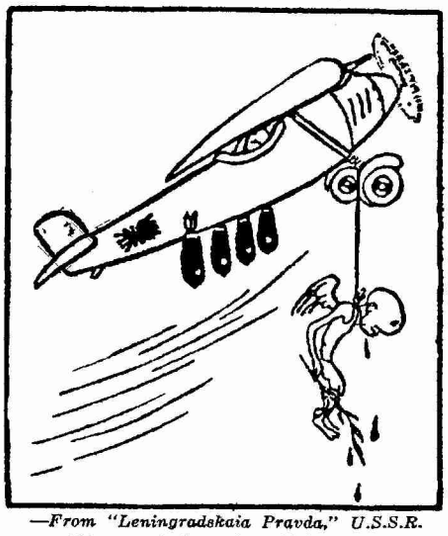
—From "Nebelspalter," Zurich, Switzerland

"The Japanese trade menace is at our gates."



—From "De Notenkraker," Amsterdam, Holland

"Chinese dragon harnessed to Japan's triumphal car—with Uncle Sam as an anxious spectator."



—From "Leningradskaia Pravda," U.S.S.R.

"Japan chokes the Chinese peace angel.'

—From "Guerin Meschina," Milan, Italy

"Yellow Peril started with door to door peddling—but now Japan's trade is breaking down the door."

government can go in this direction. Japan has patently embarked upon an aggressive and far flung campaign for the capture of world trade. Japanese industry is booming. It is turning out almost every important line of goods that is largely consumed, at a fraction of the cost of production in other countries, though often of inferior quality. The depreciated yen has boosted the Japanese export trade to such an extent that Japanese factories are working overtime .... Now, Japanese competition in foreign markets is serious for American manufacturers, but for the British, to whom foreign trade is bread and butter, it is stark tragedy. As things are now going, it means eventually the closing down of British factories by the score, an economic catastrophe the very thought of which chills the marrow of British Statesmen . . ."

Space is not available for a compleete summary of Mr. Henning's article, but sufficient has been given to show that Washington is fully aware of the dangerous crisis toward which the Far East is drifting. The Japanese are fighting for world trade supremacy and they are demanding a first rank navy. In order to get this navy, over the objections of America and Britain, the Japanese are using the time-worn arguments which both Britain and America have used in the past—that increased naval strength is required for the protection of Japan's world trade routes. The Japanese seized China's rich northeastern provinces, announcedly for the purpose of preventing the spread of Soviet communism in that area. The real reason, however, was to monopolize the almost unlimited natural resources of that area for Japan's aggrandizement. Now Japan insists upon increased naval strength "because of Nippon's increased responsibilities." Also, Japan has not been idle in other fields. According to Mr. Henning's report the Japanese Army and Naval authorities have been building submarine and destroyer bases for commerce raiding on the shores of Formosa and the isles of Kotosho, Hokoto, and Kisanto, and also on the three groups of mandated islands farther east. Formosa has been strongly fortified. In carrying out these works the Japanese have been charged with contravening the Washington treaty and have denied the accusation.

In view of these Japanese developments with which Great Britain must be fully familiar, it is of interest to consider still further the present and obviously peculiar reactions of British officialdom with respect to Japanese encroachment on China. Bruce Hopper, formerly engaged in newspaper work on the China coast but now an assistant professor of history at Harvard, in the course of a recent article in the *Christian Science Monitor* (Boston) remarked, "It has been a cause for wonder to all close observers in the Far East that Great Britain has accepted so placidly Japan's developing plans for control over China, where British interests surpass those of any other western country. One is compelled to believe that the British Government sees no way to prevent Japan's expansion into China, and is prepared to concede to Japan the dominant control she demands at Nanking, in exchange for a working agreement to protect British interests in China and not to disturb outlying portions of the British Empire."

This statement by Mr. Hopper coincides with the statement of the British journalist quoted in the opening paragraph of this article, that the present British government will do nothing to impede the progress of Japanese control over all China. And now comes the news that the powerful Federation of British Industries has decided to send a trade mission to Japan and Manchukuo, and, according to a *United Press* report from London on August 10 the British Government will give the mission "every legitimate support." The original report regarding the trade mission stated that British investors had heretofore hesitated to send representatives to the puppet state owing to the non-recognition policy of the British government, "but now they have decided to take action as other nations are ready to invest . . . the Japanese Foreign Office expects that British business circles will seek friendly relations with Manchukuo by cooperating with Japanese businessmen." A further report through *Reuters* from London stated that should the question of a British loan for the development of Manchukuo arise, it probably would be governed by the views of the British Treasury irrespective of political considerations." The Japanese were obviously quick to sense that this significant move on the part of the British presaged an early change in British policy toward Manchukuo and such may be the final outcome based on other developments referred to in the foregoing.

As Mr. Henning indicated in his article in *The Chicago Tribune*, referred to in the foregoing, there appears sound ground for the suspicion that Britain is preparing to hand over Manchukuo and China as well to Japan. Thus is considerable light thrown on the enigmatic statements of Sir John Simon, who always has qualified his declarations on the Japanese and Manchurian issues with statements carefully designed not to give offence to Imperial Japan. Also there have been indications that Japan is fully cognizant of British policy, for the Japanese have been most careful not to conduct any of their virulent newspaper campaigns against England despite the pact that the two nations are engaged in a life and death struggle over markets which both must have in order to maintain their imperial systems. As to the reasons for this apparent tendency on the part of the British Government, they probably go much deeper than those cited by Professor Hopper which were mentioned in the foregoing. The British never have looked favorably on a policy which would give China complete independence and a free hand to develop her institutions as an independent nation. The British were not favorably disposed toward the action of the Washington Conference with respect to the Nine-Power Treaty, doubtlessly fearing that the encouragement of Chinese independence might have an adverse effect on native aspirations in Britain's oriental possessions. Also, there is the feeling, freely discussed

among Britons that the Chinese are unappreciative and if they should get the upper hand British vested interests would suffer, while on the other hand if Japan is given a free hand in China, Nippon will see that British investments are protected. Furthermore there is a feeling among Britons that if the Japanese are given a free hand in China they may relax their pressure on other sections of the British Empire. And finally, there is the conviction held in highest imperial circles in England that it would be better to strengthen Japan as an offset to the growing power of Soviet Russia not only in the Far East but in Central Asia where British and Russian interests come into conflict. Also, it might be stated in this same connection that the same high imperial circles in Great Britain have always regretted the abrogation of the Anglo-Japanese Alliance and have constantly worked for its renewal, feeling apparently that it would be more advantageous for Britain to cooperate with Japan in the Far East than with the United States along the traditional lines of American diplomacy which have been based on the preservation of Chinese territorial and administrative integrity and the strengthening of China as an independent State.

Extra! All About Sinister Shanghai by a Busted Bellit Belle

WE who live in Shanghai, it seems, know practically nothing about what is going on here until we get the newspapers from abroad. Not long ago, as set forth in these columns on June 16, we learned through the *Doncaster Chronicle* (England) that Shanghai was a place where the police and armed bandits fought pitched battles almost daily in streets that were piled high with the corpses of plague victims. We had never been aware of such an outrageous situation, although we go around and about town quite a lot, but it was presented on the authority of W. Champney, retired S. M. C. cop, and so we suppose it must be true. Now comes Miss Vivian Burke in the columns of the Sunday magazine section of the *Daily Mirror*, a New York City tabloid, to depict Shanghai as a place where dwell "mysterious and ruthless yellow men whose greatest ambition seems to be possession of white girls;" where "mandarins," who are identified as "Chinese of the noble class," attempt to kidnap any white girls who attract their lecherous fancy; where women are sold daily on the auction block; and where white girls who venture "out-of-bounds"—wherever that is—at night will be forcibly dragged into "white slavery" unless, as in Vivian's case, they are rescued in the nick of time by a patrol of American sailors commanded by a "handsome lieutenant."

Vivian, it appears, was recently in Shanghai with the unsuccessful "Hello Shanghai" musical revue managed by a Mr. Bellit who left most of the company stranded here and in the North. Vivian's relatives financed her return to the United States, wherefore, presumably, she is trying to reimburse them by peddling her alleged perils in the *Mirror*, and in three signed articles—on July 8, 15, and 22—she sure gave her customers their money's worth.

Judging by her picture, Vivian shouldn't have been in much danger, even in sinister Shanghai. At least if we were a lecherous "mandarin" we would devote our kidnapping efforts to the many considerably more attractive American stenographers who seem to go about Shanghai at all hours in perfect safety, but nevertheless Vivian was greatly in demand, and her virtue withstood attacks that would have undoubtedly reduced Gibraltar to shambles.

On her very first night in our fair city, a "mandarin" asked her "to accompany him to his home—alone." Of course, she "indignantly refused." Next, a Chinese woman representing a "wealthy mandarin" called upon her and offered her "an insulting and degrading proposition in his behalf which I angrily turned down." Then, later, a "half-caste" called upon her to suggest that she join a theatrical troup touring Manchuria. At first, little Vivian was tempted, but on the advice of a "young lieutenant in the American Navy" she investigated and learned that if "I had signed up with the producer, I would have found myself, together with a dozen other white girls of assorted nationalities, taken some place near the Russian border and then, in all probability, sold at public auction to the local rich man or the keeper of the local house of ill fame."

"It is all right," Vivian adds, "for those who have never been in trouble in the Orient to say that such things do not happen, but I know they do. Why, right in Shanghai, westernized Shanghai, a few hundred feet from the walls of the European concessions, and almost under the eyes of the ever vigilant foreign police, there is a public female slave market. White girls, of course, are not sold publicly in Shanghai, but I have seen native girls sold by the hundreds. The girls are brought to the market by older women. . . . The older woman puts the girls up on the auction block and she is sold to the highest bidder, either for the night, or outright."

For the benefit of the readers abroad we will explain at this point that it is possible to buy Chinese girls "either for the night, or outright" in Shanghai, but only our little heroine, Vivian, has ever seen an "auction block" in this connection. Further, no one but Vivian has ever heard of the selling of white girls except in the manner that women sometimes sell themselvse the world over; and assuredly there is no lack of really beautiful, blond Russian girls in the Orient for the desires of any wealthy persons, Chinese or otherwise, without any attempt to buy fifth-rate American chorus girls. Still further, there are no longer any "mandarins" in China, nor have there been since in the overthrow of the Empire in 1911, and the term is no longer even used by anyone familiar with the country except, perhaps, in political polemics where present officials are likened to the mandarins under the Manchu dynasty.

But let us continue with the soul-stirring adventures of our hefoine. One night she ventured "out-of-bounds" with another girl and they found themselves "in the heart of the Shanghai red-light district." No street names are given, so we don't know where that is, since almost every street has some "red-light" houses. Anyway, "heavy hands fell upon us, and we were whirled around to face our captor, a wrinkled, toothless Chinaman. We shrieked simultaneously, but our cries were stifled by another pair of hands. At that moment we heard a police whistle and a second later a shore patrol of American sailors had liberated us. And to make the episode all the more thrilling, the shore patrol was commanded by "my handsome lieutenant friend,"—the one who had kept her from being sold into slavery in Manchuria.

Well, if any other American chorus girls come to China, we urgently advise them not to drink Hongkew whiskey, or they will probably find themselves being dragged out of the Hongkong and Shanghai Bank lobby by orang-utans into the tiger-infested jungles of the Public Gardens.

After surviving all these perils, our little Vivian then, appropriately enough, met no less a personage than that "great Chinese warlord," General Moses Cohen.

"Being a friend of the general," she says, "no doubt protected me. One night, after I had retired to my room in the Palace Hotel in Shanghai and was about to fall asleep, I heard a sound as if someone was tampering with my door. A moment later a faint line of white light flickered across the room and I knew that some one was trying to get in. My screams soon brought help—help in the form of two burly north Chinese who soundly pummeled the intruder, a local Chinaman who had been annoying me for some days. The next day, somewhat over my ordeal, I made inquiries and discovered that my protectors were two of Cohen-Moische's men. The general was aware that Chinamen will stop at nothing to satisfy their crave for white women, especially blondes like myself, and he had stationed guards near my room."

So, with the aid of God and General Cohen, if one may believe her story—and who could doubt it—our Vivian got back to Broadway (New York) intact, but her sleep "is still filled with awful nightmares in which I seem to be continuously pursued by slant-eyed Orientals." Also, she is worried over the fate of her comrades of the Bellit chorus who remained out here; "there are altogether too many slave markets operating throughout the Orient where white girls bring a huge premium, to believe" that they will return to their native land save, perhaps, as broken blossoms.

Anyway, we are glad that our Vivian survived unscathed, and we trust that her check from the *Daily Mirror* will cure her "awful nightmares."

W. B.

Decisions of Kuling Conference Remain Undisclosed; New Dalai Lama Reported Found in Tibet

High Lights in the Events of the Week:

1. Kuling Confab Concludes Without Announcing Result.
2. General Chiang Made Hurried Visit to Foochow Front.
3. Japan May Recall Minister Ariyoshi to China.
4. Baby, Found in a Shabby Home, May Rule Tibet.
5. Chinese Troops Capture Kashgar From Moslem Rebels.
6. Canton-Nanking Negotiations Again Deadlocked.
7. Japanese Reports Allege General Chiang Aims at China Presidency.

Important discussions, the outcome of which may guide the Chinese Government policies for the next few months, especially in regard to the Sino-Japanese situation in North China, took place end of last week at Kuling, Kiangsi. The conference was summoned by General Chiang Kai-shek, President of the Military Affairs Commission and attended by: President Wang Ching-wei, General Huang Fu, Chairman of the Peiping Political Affairs Commission; Ying Tung, Managing Director of the Peiping-Liaoning Railway; General Hsiung Shih-hui, Chairman of Kiangsi; General Huang Shao-hsiung, Minister of Interior; Dr. H. H. Kung, Minister of Finance: Yang Yung-tai, chief secretary of the Military Headquarters at Nanchang; General Chang Chun, Chairman of Hupeh and Tseng Chung-ming, vice-Minister of Railways. President Wang arrived at Kuling from Nanking August 9, while General Huang Fu and Ying Tung reached there from Hangchow on August 10. Both President Wang and General Huang travelled by gunboat as far as Kiukiang, while Dr. Kung made the trip from Shanghai to Kuling by airplane on the 11th.

Strict secrecy is being maintained regarding the questions discussed at Kuling and decisions reached. However it is known that one important decision had been reached to the effect that the National Government issue an official declaration, reaffirming its decision that no changes will be made in its fixed policy vis-a-vis the Sino-Japanese situation, which consists in the non-impairment of the territorial and administrative integrity of China and non-recognition of the puppet state "Manchukuo." In order to the apprise the foreign countries of this attitude on the part of the Chines Government, it is understood that the declaration will be issued in the name of the Ministry of Foreign Affairs.

The proposals made by General Huang Fu at the Kuling confab for the settlement of the various outstanding issues in the Luantung Demilitarized zone and for the stabilization of the situation in North China as a whole are reported to have been approved by all the Government leaders who participated in the discussions. General Huang will remain in Kuling for a brief stay, while Ying Tung is expected to return to Peiping in the next few days.

Having concluded his discussions with General Chiang, President Wang Ching-wei, accompanied by vice-Minister of Railways Tseng Chung-ming, left Kuling for Nanking August 14 and arrived at the Capital on the following day. Other officials who attended the Kuling confab are also leaving for their respective posts.

On the day of his depature from Hangchow for Kuling August 9, General Huang Fu issued a statement to the press, in which he said that recalling events during the past year, he felt it was a difficult task to cope with the critical situation in the North. Thanks to the warm cooperation of his colleagues, he was able to bring his first mission to a successful end through the conclusion of the Tangku Truce Agreement. Under the circumstances, he has not been able to accomplish much in dealing with the foreigners (Japanese). But conditions being what as they are in the country, he felt that he had done his best and exhausted his efforts. He therefore requested permission to quit in order to evade further responsibilities. But as the Central Government and his friends have urged him to continue his duties he has therefore decided to proceed to Kuling to have a further conference with General Chiang Kai-shek. Ther he will again state his difficulties so as to seek their understanding. As regards the diplomatic issues vis-a-vis the Japanese at the present time, General Huang stated that these have been confined to the readjustment of the "demilitarized zone." If all disputes in the "Demilitarized zone" are amicably settled, it will pave the way for improvement of the relation between the two countries.

The future in the North cannot be told in a few words, General Huang said in conclusion. If nothing untoward occur in the North, the situation there will gradually return to normalcy. The pessimistic outlook adopted by the people throughout the country vis-a-vis the North which would mean a psychological desertion of the North, is really a great blunder as it will greatly affect the standpoint of the whole nation. He therefore urged the press to assist in removing such misconceptions.

General Chiang Kai-shek Visits Foochow Front

Scattered bands of Communists made surprise and sporadic attacks on the suburban districts of Foochow early this week which caused a great deal of alarm to the populace of the city. However despite the fighting around the walls of Foochow, the Foochow authorities expressed confidence that they would be able to hold the city and repulse the Communist attacks. According to the latest message, the situation at Foochow is becoming easier. The Japanese cruizer Kuma has left Foochow to return to her base for repairs, while. British naval report from Hongkong denies the spectacular reports of fierce fighting in Foochow or of heavy shelling of the city's forts.

According to a Foochow dispatch published in the *North China Daily News* August 13, General Chiang Kai-shek came to Foochow from Kiangsi last Saturday, August 11 by airplane and spent two hours in close conference with the authorities there on the Communist situation. General Chiang's movements had been kept strictly secret. According to reports from other sources, General Chiang actually remained in Foochow for three days, but since he moved about most of the time inspecting the front lines and directing operations, his presence was scarcely known to the people in Foochow.

The "Reds" invading the neighborhood of Foochow have been completely wiped out and all traces of bandits at Lienhwa Shan (mountain) have been cleared. Transportation on the upper reaches of the Min River has been restored.

On the night of August 11 a severe battle took place between the Government troops and the Communists somewhere north of Foochow. Both sides suffered enormous casualties, those of the Reds being placed at 2,000.

More than 1,000 wounded soldiers belonging to the 87th division of the Chinese National Army were brought to Foochow August 11 following a severe battle between government troops and the Communists at a point about 20 miles from Foochow, according to a Japanese *Rengo* report.

Communists estimated at about 2,000 launched a vigorous attack against the marching columns of the 87th Division but were repulsed with heavy losses, official reports stated. The battle took place between Foochow and Lienkiang. Curfew is bring enforced from 9 o'clock in the Tsangchienshan district in Foochow where many foreigners reside.

The *Rengo* reports that following receipt of information that Communists had pillaged Catholic churches established by French missionaries at Fuan and Funing in northern Fukien, the French dispatch-boat "Tahure" left Mawei near Foochow August 7 to protect the Church properties.

After three years of vigorous suppression campaign the Communists in Kiangsi and Fukien have been greatly reduced in number and they are occupying only ten districts in Kiangsi and Fukien as compared with their former region of sixty districts in Kiangsi alone. The districts now controlled by the Reds are Shihchen, Ningtu, Juikin, Hsinkuo, Yutu, Hueichang in Kiangsi and Chinliu, Ninghua, Changting and Kweihua in Fukien. Around the Communists are Government forces from Fukien, Kwangtung, Hunan and

Kiangsi. The vanguards on the northern front have already reached a point ten miles south of Lungkang and are approaching Hsinkuo rapidly. The Communists are making preparations to find an outlet in case of their defeat in Kiangsi. It is understood that at a recent military conference held by the Communist leaders at Kulungkang, the Reds openly declared that they would march into Hunan in case their defences in Kiangsi collapse. The commanders of the Communist forces even declared to the Hunan Communists that they could have a few days holiday when they get to Hunan. The Government troops are now making preparations to prevent the Reds from breaking the seige.

The absence of highway in Kiangsi and the mountainous regions all around preventing speedy transportation of troops is responsible for the slow progress in the Reds suppression campaign, according to a high military officer who just returned to Canton from the Kiangsi front. In the districts occupied by the Communists there are practically no highways. Military transportation, therefore, is the most difficult problem the authorities directing the campaign have to face. One army, it is pointed out, requires 30,000 catties of rice a day and one military coolie can carry only 60 catties of weight over 50 miles in two days. The problems of feeding the troops engaged in the drives on the Communist strongholds in the interior is exceedingly difficult. In the mountainous districts the transportation of arms and ammunition is a still more difficult problem. Under the circumstances, the anti-Red warfare is necessarily slow and military commanders are recommending to the government the immediate construction of highways in those zones recaptured from the Reds linking them with the provincial borders so that troops might be sent to the interior withtout much loss of time.

The surrender of Kung Ho-chung, the so-called Commander of the 6th "Red" Army Corps in western Fukien, has been accepted by General Chiang Kai-shek. As Kung showed himself to be truly repentant, General Chiang has taken a lenient attitude towards him and appointed him Counsellor to the Nanchang Provisional Headquarters.

The execution of Yu Hsing-chou, Commander of the Independent "Red" division, was captured by the troops under General Ho Chien has been ordered by General Chiang Kai-shek.

Under the protection of Government soldiers, peasant refugees and anti-Red volunteers in Kiangsi have organized harvest-reaping corps to gather the crops outside the line of economic blockade. Half of the crops go to the peasants and people, one-third to the local government for storage, and the balance for the troops helping in the harvesting.

Wanyuan, the only remaining "Red" stronghold in the extreme north of Szechuan, was occupied by the 5th Route Szechuan Army on the morning of the 8th. The city was occupied after three days siege by the Szechuan troops.

Since the occupation of Wanyuan, the "Reds" have retreated to points north of Tungkiang, northern Szechuan. A "Red" incursion into southern Shensi has been repulsed by the 38th Government Army.

As a token of their high respect for General Chiang Kai-shek, overseas Chinese in South Africa have sent him a beautiful silver citadel measuring eight in circumsference and two feet in height. The presentation was accompanied by a scroll extrolling General Chiang's services in connection with the Nationalist Revolution and the anti-Communist campaign.

Tokyo Said Considering Recall of Minister Ariyoshi to China

According to a report circulated by the *Jih Jih News Agency* August 13, the recall of A. Ariyoshi, Japanese Minister to China, is being seriously considered by the Tokyo Foreign Office despite the denial of the local Japanese Legation officials. The reason for the recall, the report states, is due to disagreement on certain points of Japanese policy toward China between Mr. Hirota, Japanese Minister of Foreign Affairs and Mr. Ariyoshi. The report further states that Minister Ariyoshi is scheduled to return to Japan sometime in September and a new Minister will be appointed to succeed him.

According to the *Kiangnan Chen Pao*, a Japanese-owned Chinese language newspaper, a conference was recently held at Tsingtao participated in by W. W. Yen, C. T. Wang, Wellington Koo, and T. V. Soong. As a result of the conference, Dr. Yen is reported to have decided to recommend to General Chiang Kai-shek the appointment of Dr. Koo as China's Foreign Minister. At the conference, the following three fundamental principles were laid down:

1. That the National Government shall maintain friendly relations with powers and seek to balance their interests in this country in order to eliminate the domination by one of the powers.
2. That China shall uphold the open-door policy and to secure tariff autonomy.
3. That Manchurian problems shall not be settled through direct negotiations but at the League of Nations or other international organs.

The staff correspondent of the *Osaka Mainichi* at Shanghai claimed to have learned from "authentic" sources" that the mission of Sun Fo, Preseident of the Legislative Yuan, to Honolulu is to meet President Roosevelt and get his pedge to support the Chinese claims in the 1935 naval conference concerning Manchurian and otheer Far Eastern questions. The mission is said to consist of efforts for: (1) Continuation of treaties signed in the Washington Disarmament conference; (2) strengthening of the principle of territorial non-violation provided in the anti-war pact; (3) obtaining economic assistance from the United States, and (4) fresh discussion of the Manchurian and other Far Eastern questions.

"Rajah" Pratap, the Indian protagonist of the Japanese movement known as "Pan-Asiaism," returned to Tokyo in the first week of August after being deported from Bangkok, Siam, where he intended ot spread the Japanese doctrine. Rajah Pratap was deported from Canton several months ago and was also detained in Shanghai while on a similar mission in China. Upon his return, he explained that the police chief of Bangkok deported "—because my views would create difficulties with Siam with her neighbors."

A *Rengo* telegram from Dairen July 31 reported that Miss Yoshiko Kawashima, Jeanne d'Arc of Manchukuo, was killed by poison in Peiping a few days ago, but no confirmation has been obtained as yet. Miss Kawashima, who was born to Prince Hsu, uncle of Pu Yi of Manchukuo, was later adopted by Naniwa Kawashima. She is said to have played an active part behind the scene in the Manchurian and Shanghai incidents.

Notwithstanding the repeated protests lodged by the Tientsin Municipal Government, the Japanese are still going on with the construction of the aerodrome at Palitai, near the Nankai Race course. According to investigations conducted by the Bureau of Public Safety, the Japanese have completed the levelling of 460 *mow* of land leased under false pretences from the *Kwang Jen Shan Tang* (local philanthrophic organization). Beginning from the 8th, the number of laborers has been increased to 700.

The Japanese military authorities in Jehol are building an enormous new airdrome occupying an area of more than one thousand mow of land in the Upper Reaches of the Luan River, about 12 miles from Hsifengkow and 33 miles from Chengteh, provincial capital of Jehol, according to information from foreign sources.

In connexion of Yin Tung's recent statement made in Nanking that the Chinese authorities would soon take up the question of retrocession of Dolonor with the Japanese, Colonel Shibayama declared August 8 that the question of eastern Chahar and the question of the Luantung districts are two entirely different issues and that they cannot be taken up at the same time. The Japanese military attache declares that before the outstanding problems in the Luantung districts are completely settled, it would be impossible to take up questions relating to the retrocession of Dolonor and other eastern Chahar districts now held by the Manchukuo and Japanese forces.

150 Japanese soldiers left Peiping for Shanhaikuan August 12 for exercises at Chinwangtao. At Tientsin another 200 Japanese soldiers boarded the train and left for the same destination. They carried with them a large consignment of arms and ammunition as well as a number of field guns and anti-aircraft guns. The maneuvers began on August 16 and were continued until August 20. Meanwhile the British troops at Shanhaikuan have resumed their annual manoeuvres.

Shih Feng-min, a notorious gangster in North China who acted as leader of the plain clothes men during the Tientsin uprising last year, was arrested by the Chinese authorities at Tientsin August 6 several days after his arrival from Mukden. Shih came to Tientsin for the purpose of organizing another uprising and had his headquarters in the Japanese Concession. He was lured into Chinese territory and arrested by Chinese detectives. He has now been escorted to Peiping for trial.

Trade relations between Kalgan and Urga have been resumed and the first caravan of 12 motor trucks fully loaded with commodities left Kalgan for Urga August 8. The resumption of trade with Outer Mongolia is supported by the Chahar and Suiyuan Provincial Governments.

Baby, Found in a Shabby Home, May Rule Tibet

An *Associated Press* message from Darjeeling, India, published in the *Chicago Tribune* July 15 carried the news that a baby believed to be the reincarnation of the late Dalai Lama had been found in a humble home in the remotest part of Tibet. Reports reaching Darjeeling from Tibet said all of Tibet was in a furore over the discovery of the new Dalai Lama. For seven months emissaries had been searching the country for a baby who was born at the exact moment the old Dalai Lama ceased to breathe. Holy men in Tibet examined the heads of all infants to determine if they bore certain distinctive marks laid down by tradition which would fix them as the late Dalai Lama. Little is yet known concerning the circumstances of the discovery other than that the infant was found in a humble home and that it was far from the paths of ordinary travel in Tibet. The *A. P.* message further states that discussion was revived of the report that the late Dalai Lama was the last of his line. He was supposed to be the 13th reincarnation. The Panchen Lama, better known in Tibet as the Tashi Lama, holds this belief, but in Tibet it is held that this view is wrong and that there are 17 reincarnations of the Dalai Lama.

In a telegram to the Central Government, the Panchen Lama, "Living Buddha" of Tibet, reported his departure from Peiping for Suiyuan August 11. Interviewed, the Tibetan leader said that after a brief stay at Kueihua, he will proceed to the territory of the Ordos (Yeghe Jo) League, where he will deliver a series of Buddhist sermons. A month later, he will proceed to Chinghai (Kokonor) en route to Tibet. After his return to Tibet, the Panchen Lama continued, he will spare no effort to promote closer Sino-Tibetan relations. To this end, he will, as a preliminary measure, recommend the improvement of communications in Tibet. He will also urge the establishment of Chinese schools in Tibet to encourage the study of the Chinese language among Tibetans.

It is reliably learned that the Panchen Lama has brought up two demands to the Tibetan authorities as conditions for his return to Tibet. The demands are:

1.—That all the belongings left behind by him in Tibet when he left for China more than ten years ago should be returned to him; and

2.—That the Administrative Chief in Tibet shall be changed.

The demands will be brought back to Tibet for the consideration of the Lhasa authorities by the Anchin Lama, who is leaving for Tibet shortly.

The Tibetan Government is reported to have telegraphed to the Mongolian and Tibetan Affairs Commission at Nanking urging that the Panchen Lama should be requested to return to Tibet by the sea route and through India as his entry by way of Chinghai and taking with him a large number of followers might cause unnecessary misunderstanding on the part of the Tibetans. The telegram also requests that the Anchin Lama should not bring too many followers with him.

Word has been received at Peiping to the effect that serious disturbances have broken out in Upper Tibet and many Lamas have been executed. Details of the situation are not yet available. General Huang Mou-sung, the Chinese Envoy, is due to arrive at Lhassa August 25.

This attractive residence, popularly known as China's "White House" or Presidental Mansion, has been vacant since its completion about a year ago. The picture on the left shows the marble stairway leading to the front while the one on the right shows the front door. The residence is located on an eminence in the Chungshan Memorial Park.

Chinese Troops Recapture Kashgar

Four hundred Chinese and 2,000 Moslem troops under command of General Kung Chen-han, head of the peace commission from Urumchi, entered Kashgar August 7, according to a *Reuter* report from Silma on the same day. A number of White Russian troops are reported to have arrived at Aksu and Masalbashi while a number of aeroplanes are expected to reach Kashgar shortly. Small garrisons are being posted by the Chinese authorities in the direction of Yarkand. The report further states that there is strong evidence of Soviet support for the victorious Chinese forces. It now transpires that the Russian Consul-General at Kashgar was the intermediary in the negotiations prior to the defeat of the Tungans, and following the clash in which the Tungans were routed, General Ma Chung-ying was escorted across the Russian frontier by Russian consular guards.

General Sheng Shih-tsai, Defence Commissioner for the Sinkiang Border, in a telegram to the General authorities, reports that with the complete disarmament of the insurgents under Ma Chung-ying, the campaign in southern Sinkiang has come to a close and tranquility now reigns over that part of the province. He has appointed Ma Shao-wu as Administrative Commissioner of the Kashgar area and General Liu Pin as Garrison Commander. Both of them have been entrusted with the task of carrying out rehabilitation work in southern Sinkiang. Upon receipt of the telegram, the Central Government despatched a reply to General Sheng highly commending him on his indefatigable efforts and his meritorious service in bringing about the unification of the whole province.

Japanese Says Gen. Chiang Wants to be President of China

On August 6, the *Japanese Information Bureau* at Tientsin issued a report alleging that General Chiang Kai-shek is aspiring to the presidency of China. The report states that in spite of his frequent failures in unifying the country, he

is still holding the premier position among other Chinese militarists and it is quite obvious that his final object is to become the real ruler of China. If the Chinese Reds are eliminated and the Canton opposition overcome, General Chiang will have nothing to worry about and then the time might arrive for him to attain the final object. Therefore it will be interesting to watch how far General Chiang will be successful at the forthcoming National Party Congress in November, when the new draft constitution will be brought up for discussion. The new constitution adopts the Presidential System. Should it be adopted at the Congress, the present committee system will be abolished and a President will be elected. The reports alleges that Gneral Chiang expects to be elected the First President of China under the nationalist regime.

That the forthcoming 5th National Congress of the Kuomintang Delegates will achieve satisfactory results in hastening the real unity of the nation and further consolidating the efforts of the country in coping with the present national crisis is the forecast made by an influential member of the Central Executive Committee August 14. Despite the indifferent attitude on the part of the so-called "elders" in the Southwest, the official stated, the important military leaders there such as Generals Chen Chi-tang, Li Tsung-jen and Pai Chung-hsi have all shown their readiness to support the Congress and decided to send delegates to participate in its discussions. On the other hand, the Party leaders at Canton and Hongkong, including Hu Han-min, Tang Shao-yi, Hsiao Fu-cheng, Chow Lu and several others are said to be remaining aloof in their attitude toward the Congress and decline to commit themselves. Notwithstanding this situation, it is understood that the Congress will be convened on November 12, as has been decided upon.

Sun Fo, President of the Legislative Yuan, who had been vacationing at Honolulu during the past few weeks, was scheduled to leave the Hawaiian capital city for Shanghai on the 15th inst., by the Dollar Liner President Taft. He is due to arrive at Shanghai on August 30. tI is understood that Mr. Sun has abandoned his intention of visiting Hongkong and Canton on his return trip as he originally planned.

Under the pretext of illness, Yu Yu-jen, President of the Control Yuan, left Nanking for Shensi August 11. He is not expected to return to the Capital for some time because of the recent dispute between the Executive Yuan and the Control Yuan over the impeachment of Ku Meng-yu.

Pleading ill-health due to advanced age, Dr. W. W. Yen, who arrived at Shanghai from Tsingtao August 10, declared that he might not return to his Moscow post, although no definite decision regarding the matter had yet been made. He said that he was planning to proceed to Peiping next month to seek medical treatment at the Peking Union Medical College and whether or not he would return to Moscow would have to be decided by the doctor's examination as to the state of his health.

T. V. Soong, accompanied by General Han Fu-chu Chairman of Shantung, arrived at Tsinan from Tsingtao August 13. He inspected the conservancy work on the Hsiao Ching River as well as the leading factories at Tsinan on the following day. Mr. Soong reviewed the Shantung provincial troops on the 15th at Hsinchuang and left for Nanking in the afternoon of the same day.

For publishing news disagreeable to the Government the "Yuan Tung Pao" and "Ning Pao," two small Nanking dailies, received orders from the Nanking Garrison Headquarters to suspend publication for three days beginning from August 9.

Canton-Nanking Negotiations Again Deadlocked

According to a *Reuter* dispatch from Canton August 9, negotiations for an early rapprochement between Nanking and Canton have come to a deadlock. Sun Fo, President of the Legislative Yuan, who had been instructed to proceed to Hongkong and Canton while on his way back to Nanking from his holiday, to arrange details regarding Nanking-Canton co-operation, still remains in Honolulu, "awaiting developments." It would seem that Mr. Sun will not make his trip to South China until he receives a favorable message from the Nanking envoy at Canton. It would appear that Canton still strongly demands the restoration of Kuomintang rule in place of "military" rule as a condition of support for the Nanking regime. It is this question that has caused a hitch in the peeace negotiations.

Scathing criticism against the Nanking regime and vigorous oppositoin to the alleged military dictatorship of General Chiang Kai-shek were high-lights of a manifesto issued August 5 by the Southwest Political Council and the Southwest Executive Committee of the Kuomintang in connection with the Fifth Congress of Representatives of the Party to be held in Nanking in November. The reorganization of the National Government in Nanking was openly demanded by the Canton oppositionists. The drafted constitution is attacked and termed as a "shield to protect the military dictaorship." The oppositionists concluded their manifesto with an announcement that they will refrain from participating in the forthcoming conference. Those who signed the document include General Chen Chi-tang, Hu Han-min and others.

In an interview with the correspondent of a Peiping paper in Hongkong August 4, Hu Han-min, veteran Kuomintang leader, set forth his views on the present situation internal as well as external. At the outset, Mr. Hu denied the reeport that he would go abroad. He said that some of the politicians of the Nanking government hoped he would go abroad, for they thought if he leaves the country the influence of opposing their present wrong policy will lose its strength. Mr. Hu described the rumor that he would make a visit to foreign countries as their base tactics. Mr. Hu expressed the view that the objects of creating an atmosphere of his going abroad by the Nanking politicians are (1) to disintegrate the revolutionary comrades in the Southwest by spreading a rumor that there are two separate parties in the Southwest, political and military, and (2) to disturb the minds of the people with a view to borrowing money for the maintenance of the Nanking government. The reason why the Nanking government cannot accept the Southwest proposals, Mr. Hu stated, is because the Nanking government is under the control of a militarist who is working for his personal aggrandizement, while the Southwest adheres to its policy of national salvation. As to the attitude of the Southwest leaders towards the forthcoming 5th National Party Congress, Mr. Hu said that they will strongly oppose the calling of the Congress. Turning to the situation of the Far East, Mr. Hu stated that in order to solve the Far Eastern problems, an alliance between the United States, Britain, France, and China is necessary. Only the alliance of these four countries, he said, can check the Japanese aggression in Asia. According to Mr. Hu, alliance of these four countries is possible because their interests in the Far East are not conflicting. Regarding the New Life Movement sponsored by Chiang Kai-shek, Mr. Hu said that as there is no "life" among the people as farm villages of China are now in the state of bankcruptcy, how can he say "new." The launching of such a movement, Mr. Hu said, is rather ridiculous. What should be done at present, he stressed, is the work of solving living problems for the people.

Under orders of General Chen Chi-tang a wholesale clean-up of reactionaris in Kwangtung province is now in full swing. So far a number of important reactionary organs have been raided in different parts of the province, particularly at Swatow and Shaokwan. Several important reactoinary leaders have already been executed.

To better the financial condition of this province, the Finance department of the Kwangtung Provincial Government is going to float $2,000,000 short-term treasury bonds. The bonds will be of four classes and denominations, namely, $100, $50, $10 and 5.

It is reported at Canton that Tang Shao-yi, veteran Kuomintang leader and member of the Southwest Political Council, had a narrow escape of his life in the night of August 4, when a burglar broke into his private residence at Tangchiawan in Chungshan Model District and attempted to assassinate him. The presence of the world-be assassin was immediately discovered by a bodyguard of Mr. Tang and a fight ensued, resulting in the killing of the bodyguard. The burgadar succeeded in making good his escape before other members of Mr. Tang's house could lay their hands on him.

Civil war has again broken out in Kweichow and the troops under General Wang Chia-lieh, the provincial chairman, and those under Chiang Tsai-chen are now fighting against each other at Sungtao in eastern Kweichow, according to reports received at Changsha August 12. General Ho Chien of Hunan has instructed his troops in western Hunan to keep a close watch on developments in Kweichow and to maintain strict neutrality in the civil strife there.

U.S. Government Nationalizes Silver at 50.01 Cents Per Ounce

The United States Government Aug. 9 nationalized silver at 50.01 cents an ounce and ordered the mints to seize all silver in the country as of said date. The nationalization proclamation was contained in an Executive Order signed by President Roosevelt and issued under authority of Section Seven of the Silver Purchase Act of 1934, passed by the recent session of Congress. The mints were directed to accept the silver and deduct for seigniorage and other expenses 61-8/25ths per cent of the silver received, returning to depositors an amount equal to the monetary value of the balance. Payments will be made in standard silver dollars, silver certificates or other United States currency.

After recapitulating the congressional authority for fixing the weight of gold and silver dollars President Roosevelt's proclamation says: "It is hereby declared that it will be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining one-fourth of the monetary value of such stocks in silver. The Secretary of the Treasury is authorized to issue silver certificates of such denominations as he may from time to time prescribe in a face amount of not less than than the cost of all the silver purchased under the authority of Section 3 of the Silver Purchase Act of 1934. Such certificates shall be placed in actual circulation. There shall be maintained in the Treasury as security on the silver certificates heretofore or hereafter issued an amount of silver in bullion and standard silver dollars of monetary value equal to the face amount of such certificates. All silver certificates heretofore or hereafter issued shall be legal tender for all debts, both public and private, and shall be redeemable on demand at the Treasury in standard silver dollars. Whenever, in the judgment of the President, such action be necessary to effectuate the policy of this act, the President may require delivery to the United States mints of any and all silver by whomsoever it is owned or possessed."

Preceding the actual order President Roosevelt said that he found it necessary, in his judgment, to effectuate the policy under the silver purchase act of 1934 in order to assist in increasing and stabilizing domestic prices and to protect the United States' foreign commerce from the adverse affects of depreciated foreign currencies.

Treasury Officials Explain Situation

Secretary Morgenthau made the following explanation of the situation:—

1. The 50 per cent tax imposed by the Silver Purchase Act of 1934 on profits derived from speculative silver transactions will not be applicable to metals surrendered to the mints under the nationalization order.

2. The price of newly-mined domestic silver will remain, as provided in the presidential proclamation of December 21, 1933, at 64½ cents an ounce.

3. New currency will be issued on a cost basis against the silver acquired under the nationalization proclamation, although the metal will be valued by the Treasury at $1.2929 an ounce, the statutory value.

It is noteworthy that both the President and the Treasury head value silver at $1.29 an ounce, but they apparently disagreed on the amount of certificates which should be issued on the silver at the present time. The matter does not affect the silver received by the Government under the nationalization proclamation.

Besides the 200,000,000 ounces of silver which nationalization will yield, the Government must purchase 1,300,000,000 ounces additional in order to reach a three to one ratio with gold.

In a statement clarifying the official program, Treasury officials announced in Washington August 11 that only free silver already held in the Treasury will be used for the issuance of currency on the basis of full legal value of $1.29 an onnce. Currency issued against silver acquired by nationalization will be based on a purchase price of 50.01 cents an ounce, at least for the present.

Inasmuch as the Treasury now holds 62,000,000 ounces of free silver this announcement means that $82,000,000 of silver certificates are being printed against it on the basis of $1.29 an ounce and will be circulated immediately. This, admittedly, is mildly inflationary, since 62,000,000 ounces only cost the Treasury the total sum of $46,900,000. The difference is officially regarded as seigniorage profit.

The Treasury Department later announced that a major portion of silver acquired under the nationalization program will be carried on the Treasury books as Government assets.

Explaining their intention with regard to the nationalized silver, treasury officials cited a hypothetical case whereunder they would receive one million ounces of silver at 51.06 cents an ounce, totalling $516,000.

"At $1.29 the Government would use 400,000 ounces to issue $516,000 in certificates. The remaining 600,000 ounces would be placed in the Treasuary vaults as an asset" which, they said, would be carried at the purchase cost instead of $1.29.

A Drive to Further Cheapen the Dollar

Inflationist elements in congressional and semi-official Govenment circles August 11 started a drive for further cheapening of the American dollar by using the nationalization program as their first stepping-stone.

The program which they have outlined covers the following successive steps to be taken to attain controlled inflation of the currency:

1. Further devaluation of the dollar;
2. Further issuance of Treasury notes if necessary;
3. Appointment of a presidential commission to investigate all phases of the problem and stipulation of the exact point at which the value of the dollar should be fixed. In addition they are seeking the widest possible use of silver under the nationalization proclamation.

Immediate increase of the gold price to U.S.$41.34 an ounce, the maximum authorized under the Gold Act of 1933 is being urged by Senator Elmer Thomas from Oklahoma. Senator Thomas declared that a gold price of U.S.$41.34, double the old statutory value and equivalent to a 50-cent dollar, would enable debtors to repay their obligations with dollars of the same value as when they contracted their debts. "We cannot retain the present deflationary dollar without precipitating a social over-turn or nation-wide repudiation of debts," Senator Thomas told a huge audience at Chicago August 12.

The Washington correspondent of the London *Daily Telegraph* understands that as a sequel to the United States silver proclamation, the Administration is to resume its unofficial talks with foreign countries. with a view to the early assembly of an international conference to discuss financial stabilization. The chief item will be an agreement on a stabilized standard of the monetary value of both gold and silver.

The U.S. Treasury is transferring a billion and a half dollars in gold bullion from the San Francisco mint to the Denver mint. Secretary Morgenthau stated that he wished to remove the gold from the "earthquake belt." New York financial circles were of the opinion that the transfer was made to secure safety in case of a war in the Pacific.

China Will Increase Duties If Silver Price Rises

Official circles in Nanking were very reserved in commenting on President Roosevelt's decision to nationalize silver in the United States. The *Central News Agency*, which is generally believed to be reflecting the official point of view, states: "Chinese official circles are not surprised at the announcement that silver had been nationalized in the United States, but are paying the closest attention to the latest developments."

Chinese banking and financial circles generally interpreted President Roosevelt's nationalization policy as on the whole detrimental to the interests of China. Chinese financial circles feel that any increase in the price of silver will tend to drain this country of silver stocks and decrease commodity prices, causing a hardship on producers. Any increase in the purchasing power of China's silver currency was declared to face nullification by high tariff walls abroad which would prevent any considerable increase in China's exports to preserve a balance of trade. Serious concern was expressed over the possible deflationary effects of the American move here as well as the flight of silver. While possibilities of a silver embargo were believed remote as long as commodity prices continued to rise, a ban on outgoing shipments was being discussed nevertheless.

The nationalization of silver in the United States will not affect China's economic condition, in the opinion of Liu Cheng-tung, China's economic expert. Mr. Liu says President Poosevelt's nationalization of silver aims at the realization of a currency inflation policy, the stablization of silver prices in the United

States and the relief of the silver industry. The United States, he said, was not likely to purchase silver abroad, in which event the nationalization of silver will not violate the spirit of the London Silver Agreement and will not affect China's economic condition. However, if the United States purchases large quantities of silver abroad, China must restrict her silver export. Currency control by the government appears to be the prevailing tendency of the world, which makes it increasingly difficult for international cooperation in solving currency problems. The Chinese Government, he said, must find a fundamental solution for the problem through preparation for the reorganization of the monetary system of the Government's control of currency and the stabilization of silver prices, in order to avoid disturbances of China's economic condition by foreign currency developments.

Japanese financial circles greeted with calm the nationalization order in the United States. The rise in the price of silver caused by the action of the American government will have little effect, for the time being, on Japanese trade with China, Eigo Fukai, governor of the Bank of Japan, stated.

Japan's Various Ministries Ask for a Billion Yen

Confronted with new budgetary demands from various ministries amounting to the huge sum of Yen 1,200,000,000, Budget Bureau officials of the Ministry of Finance are said to be contemplating to slash all such requests for increased funds by 70 percent.

The new demands by all ministries totaled about Yen 1,075,000,000 made up as follows:

Foreign Office	Yen	49,450,000
Home Office	,,	185,000,000
Finance	,,	2,711,000
Justice	,,	4,541,000
Education	,,	29,771,000
War	,,	350,000,000
Navy	,,	294,700,000
Agriculture	,,	113,000,000
Commerce	,,	12,000,000
Communications	,,	18,140,000
Overseas Affairs	,,	16,000,000
		1,075,313,000

Mr. Fujii, the new Minister of Finance, in keeping in line with the policies of Mr. Takahashi, his predecessor, is seeking to make up the deficit by floating internal bonds. But only Yen 400,000,000 in such debentures can be absorbed by the Japanese people during the coming fiscal year, Finance Ministry experts estimate. Consequently if there is to be a deficit, which now appears unavoidable, it should be kept within this figure if Japan's national credit is to be maintained, Mr. Fujii argues.

Demands for new enterprises in the budget for the fiscal year 1935 were announced by the Foreign Office, August 11. Among the items are the following:

Expenses for the promotion of trade .....Yen 2,500,000
Expenses for the establishment of the International Cultural Affairs Bureau.....Yen 2,450,000
Expenses for Manchurian Affairs.....Yen 7,150,000
Expenses for Japanese abroad .....Yen 3,600,000
Relief funds for victims of the Nikolaevsk & Okhotsk Affairs.....Yen 2,000,000
Expenses for the settlement of various pending problems between China and Japan .....Yen 1,500,000

Establishment of a council on national policies, comprising cabinet members as well as outsiders, is receiving serious consideration in Japanese Government circles. Takejiro Tokonami, Minister of Communications, Tatsunosuke Yamzaki, Minister of Agriculture, Chuji Machida, Minister of Commerce and Fumio Goto, Minister of the Interior, have all made proposals for the establishment of such a body to Premier Okada.

Moving to forestall a possible embargo against Japanese match imports to the United States, the Japanese Ministry of Commerce and Industry August 8 decreed the application of Article IX of the Export Guild law against match exports to America. Under the terms of the decree all Japanese match manufacturers will have to comply with the instructions of the Match Exporters' Guild in their dealings with American customers. The guild is empowered to dictate the amount and the price of matches to be exported and to determine with what American clients each manufacturer may deal with. The order became effective August 10.

In order to combat the smuggling of jewelry, watches, narcotics, cameras, etc. from Dairen and Shanghai—on the increase of late due to the general development of the Japan-Manchukuo trade and the progress of communication facilities,—the Kobe Customs is to establish a special detection division with the Osaka Customs shortly.

Construction of an under-sea tunnel or a bridge between Shimonoseki, at the extreme southern tip of Japan Proper, and Moji, Kyushu Island, was discussed by the Japanese Cabinet August 10. S. Uchida, Minister of Railways, said that the Government need not burry with the plan as it will cost approximately Yen 20,000,000.

Japanese Consulates are to be established at Jehol City, Manchukuo, and Berem, Brazil, and a consular branch will be opened at Tumen, Manchukuo, the Foreign Ministry announced August 10.

Admiral Nomura, member of the Supreme War Council, who took part in the "Shanghai War" as the Commander of the Japanese naval force, is reported to be recuperating at the Tokyo Imperial University hospital from catarrh of the colon.

Overriding opposition from prefectural authorities, who claimed the undertaking was unaesthetic, a huge Japanese flag, 80 feet by 50 feet, was hoisted atop Mount Fuji, Japan's sacred mountain, August 11.

Effective September 1, radio-telephone services from Japan to the Philippines and to Java will be open to the public, the Japanese Ministry of Communications announced August 10.

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M. B. K. Director Urges Anglo-Japanese Cooperation

Mr. Shimada, director of the Mitsui Bussan Kaisha, who recently returned to Japan from England after a long stay there as London manager of the Company, advocates Anglo-Japanese rapprochement, saying that the distrustful feeling in that country against Japan no longer exists. He emphasized the need of Anglo-Japanese co-operation in the course of his speech at a meeting arranged by the Japan Economic Federation at the Industrial Club Tokyo, and which was attended by 70 leading members.

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Twenty-three Japanese Professors to Join Staffs of Universities Abroad

The Japanese Foreign Office has at present applications for an exchange of Professors from 23 prominent Universities in such countries as America, Brazil, England, Turkey Greece, Latvia, Germany, Hawaii, Canada, France, Mexico, Austria, Spain, the Philippines, Siam, Italy, French-Indo China and the Netherlands. The Foreign Office has decided to comply with the requests of these Universities by sending prominent scholars abroad in full force. For this purpose they have estimated a travelling budget of about Yen 500,000.

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Sales of General Motors (Japan) to Nissan Company Strikes Snag

The proposed buying of 20,000 shares of the General Motors Company (Japan), Osaka, (totaling 40,000) with a capitalization of Yen 8,000,000 (Yen 200 per share paid up), by the Nissan Automoblie Company, Ltd., in which the Japan Industry Company is heavily interested, is reported to have no promise of realization, according to *Rengo*. The reason is that the issue conflicts in various ways with the national automobile policy of Japan, considered by military and Commerce Ministry authorities to be important. This, however has nothing to do with supplying of automobile parts manufactured by Nissan's Shin-Koyasu factory to the Japan Ford Company and to General Motors. Nissan is now erecting a large plant at Shin-Koyasu capable of manufacturing parts for 20,000 automobiles a year. Nissan Automobile has decided to increase the manufacture of small automobiles from 1,200 to 5,000 units annually. These small cars, known as the Datsun, are being built at its Osaka factory, but when its Koyasu factory is completed, manufacturing will be done there. Its Osaka plant will be used to turn out some kinds of automobile parts. The name "Datsun" will also be changed to "Nissan."

In the meantime the General Motors reports that in the first half of this year it sold 271 units more than it sold in the entire 12 months of last year.

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Bank Rate in Japan to Be Maintained—Inflation to Be Checked

An important conference took place in Tokyo August 8 between the executive members of the Ministry of Finance and the Bank of Japan. As a result, a decision is reported to have been reached for maintaining the present bank rate by refraining from conversion operations, and also for checking harmful inflation by continuing open market operations on the part of the Bank of Japan with special attention to bonds issued to meet the budget deficit.

Kwantung Placed Under Control of Manchukuo

Abolition of the post of Kwantung Leased Territory Governor, placing that area in an administrative district under the Japanese Ambassador to Manchukuo has been decided upon by the Japanese Government, a Tokyo message August 11 stated.

This decision was reached at a series of conferences between authorities of the Ministries of Foreign Affairs, War and Overseas Affairs.

Government leaders, it is said, have also agreed to the following:

1. Restoration of the administrative, police and taxation rights in the South Manchuria Railway Zone to Manchukuo as soon as possible without, however, immediate abolition of Japanese extra-territorial rights.

2. Organization of a Japanese-Manchukuo Financial Conference with government and civil representatives of both countries.

The above bit of information is the consummation of a plan which has been under discussion for a long time. Thus on Aug. 1 an article in the *Japan Times* said: "The present triad system of Japanese authority in Manchukuo will be changed to a dual system by greatly restricting the authority of the Governor of the Kwantung Leased Territory, it is reported. War Minister Hayashi has already proposed the uniucation of Japanese Government authorities in Manchukuo, and a new draft plan is being shortly brought to Tokyo by Mr. Tani, Councillor of the Japanese Embassy at Hsinkiang. Today, the so-called triad system is in use, the Japanese Ambassador to Manchukuo, the Commander of the Kwantung Army, and the Governor of the Kwantung Leased Territory being the three leaders, but as a result of this system, there have arisen differences of opinion among the Foreign Office, War Department and Overseas Affairs Department. Instructions on various important matters are thus issued from the three different sources at Tokyo. Realizing the shortcomings of the present system, the unification of the three authorities has been proposed is a duality of authority of the Commander of the Kwantung Army and the Ambassador to Manchukuo. The jurisdiction of the Governor of the Kwantung Leased Territory will be restricted only to the internal administration within the Leased territory, and he will not be concerned in any way with affairs of Manchukuo. The right of supervising the South Manchuria Railway and Japanese police forces in Manchukuo will also be transferred to the Ambassador at Hsinking, although at present the Department of Overseas Affairs is supervising the South Manchuria Railway Co., and the Foreign Office is controlling the Japanese police force. With this change the authority of the Overseas Affairs Department will be greatly limited, and it is even proposed to abolish the Department and make it only a bureau directly under the Cabinet."

Postal Unification of Japan and Manchuria as First Step to Annexation

A Tientsin message to the *Shun Pao* states that as a first step towards the annexation of Manchuria an agreement has been reached between Japan and the Manchukuo Government at a recent meeting held at Dairen for the unification of Postal Administration in Japan and Manchukuo. The new agreement will come into effect on October 1, it is learned.

Manchukuo Balances Budget Without Resort to Loans

The Manchukuo Government's budget for the first fiscal year of Kangte, (July 1, 1934—June 30, 1935), was adopted at the 17th meeting of the State Council on June 25, and given formal approval by the Privy Council on June 27, and published the following day. The new budget, exclusive of special accounts, amounts to $188,725,058, representing an increase of $39,555,880 over that of the previous year not including the latter's three supplementary budgets. Figures of the special accounts are revenues, $136,434,133, and expenditures, $126,956,705 as compared with $106,945,834, the figures for both revenues and expenditures for the preceding year. The budget had been again balanced without resorting to any loan flotation, except for the $5,000,000 which has been borrowed for constructing national highways in accordance with previously decided plans.

Among the revenues it is estimated that receipts from customs duties (including the tonnage dues) will total $72,638,107, or 51 per cent of the total income from duties and taxes. Compared with estimated total revenue from the same source for the previous year, the above sum shows an increase of $22,857,089 or 49 per cent. This huge growth in customs receipts is anticipated in view of the country's expanding foreign trade, the improving domestic economic conditions and the reduction of smuggling through the improvement of the customs system.

All department budgets with the exception of the Finance Department, show considerable increase. The most conspicuous increase is that of the Dept. of Education whose expenditures are estimated at $6,114,268, as compared with $931,102, the total for the previous year. The growth in this case is close to 600 per cent. The Dept. of Civil Affairs has been given an increase of close to $8,000,000 in its appropriation, the General Affairs Board, about $6,000,000, the Dept. of Defence, $16,300,000, and the Dept. of Industry, an increase of about $1,800,000.

Soviets Allegedly Violate Manchukuo Border

Another protest against an alleged violation of Manchukuo territory by Soviet troops was made this week by Japanese (Manchukuo) officials at Harbin. It is alleged that a group of Manchukuo subjects who were out hunting in the forests in the neighborhood of Manchuli on August 4 were accosted by Soviet troops who had crossed the border. The Manchurians, it was said, were taken prisoners, blind-folded and taken by this Soviet patrol to Dauria, in Siberia, where they were subjected to questioning by Soviet officials. The prisoners, it is alleged, were then compelled to perform two days of forced labor. The captives were escorted back to Manchukuo territory August 9 by four Soviet guards who turned them over to Mauchukuo border police at Manchuli.

Japanese military authorities at Hailar have sent a searching party to seek for three Japanese, 4 Manchurians and 3 White Russians, who have been missing following an attack by Mongols on August 6. The group was travelling by auto to Lake Peierh from Hailar when attacked.

The Third Japanese Fleet under the command of Vice-Admiral Iwamura, which had been conducting maneuvers near Chozan isles, entered the port of Dairen August 10.

Fourteen forestry offices will be established in Manchukuo during the current fiscal year by the Department of Industry, according to an official announcement in Changchun August 8.

Hsieh Wen-tsung, prominent member of the Kuomintang, was ordered deported from Mukden August 8 by the Manchukuo authorities on the ground that he was a dangerous alien. Mr. Hsieh had arrived in Mukden recently with a member of the family of the late Marshal Chang Tso-lin, ostensibly to make arrangements for the settlements of the former warlord's estate.

General Taka Hishigari, concurrently commander-in-chief of the Japanese Kwantung garrison, Japanese ambassador to Manchukuo and governor-general of the Kwantung Leased territory, was reported August 12 to be improving after an attack of dysentery.

Application for patents covering a process for the extraction of gasoline from soya bean oil by electrolysis was made by the Central Laboratory of the South Manchuria Railway, at Dairen Aug. 10.

The wife of Umeko Sako, a Ministry of Communications bureau chief at Changchun, and K. Seino were found dead together in a cottage near Dairen August 10, evidently as the result of a suicide pact. Mr. Sako has resigned his past as a result of the incident.

All first class coaches on the Korean Government lines will be withdrawn on November 1.

Bandits Kill Anshan Hospital Surgeon

Dr. Chen Chiang-chien, surgeon of the Anshan Hospital which is under the management of the South Manchuria Railway, was shot and killed instantly in the neighborhood of the Anshan Middle School shortly after 4 p.m. July 31. An armed group of more than 10 bandits attacked and killed the surgeon as the latter was attempting to escape.

Passenger train No. 3, bound from Shihtouchiatze on the eastern section of the Chinese Eastern Railway for Harbin was wrecked by bandits west of Mipao at 10:50 a.m. July 28. An armed group of bandits attacked Hsiaosuifenho near the eastern border of Manchukuo early the previous morning. The Japanese troops in the neighborhood were called out to deal with the outlaws and succeeded in repulsing them after sustaining one killed and four wounded.

Another Chinese Eastern Railway train was wrecked near Imienpo by bandits Aug. 10. The train, a freighter which was travelling West ran off the tracks, a section of which the bandits had pulled up, about 50 miles from Imienpo. Two locomotives and nine wagons were smashed. A fusillade of shots was fired into the wrecked train by the bandits, but no one was injured. Five members of the train crew, however, were kidnapped by the bandits.

The Socony-Vacuum Corporation plant at Newchwang was raided August 9 by a gang of bandits. One Chinese worker was killed in the attack. The bandits, following a short but fierce engagement, were repulsed by Manchukuo police.

The "Manchukuo" garrison at Tzilinghe, a town 30 miles west of Progranitchnaya, mutinied August 10, eighty well-equipped and mounted cavalrymen escaping to the hills.

Nicolai Rayvid, counsellor of the Soviet Embassy in Tokyo, arrived in Harbin August 8 to take over temporarily the duties of Michael Slavutsky, Soviet Consul-General, who has been granted a leave of absence because of ill-health.

Manchurian Army Films to Be Distributed to Garrisons

Movies entitled "The Manchurian emergency and the national support," taken by cameramen of the Japanese War Office since 1931, were completed on August 1, and will be distributed shortly among the headquarters of all the garrisons and divisions in the

country. The films, about 30,000 feet long, are divided into the six parts: The Imperial Family, the departure of troops for the front, the return, public donations, memorial services for departed soldiers, and patriotic movements.

British to Send Industrial Mission to Manchuria

The Federation of British Industries is sending an industrial mission to Manchukuo in the immediate future to study conditions there and to ascertain whether British industry can co-opertae with local interests in its development.

The mission will be composed of Lord Barnby, a director of Lloyds Bank and the Commercial Union Assurance Co., Sir Charles Seligman, a director of Messrs. Seligman Brothers Ltd., bankers, and a member of the Advisory Committee of the Export Credits Department of the Board of Trade; Guy Harold Locock, director of the Federation of British Industries; and Julian Piggott. The last named, who was born in Japan, will represent the British Iron and Steel Federation. Arthur H. F. Edwardes, former officiating Inspector-General of the Chinese Maritime Customs and now advisor to the Foreign Affairs Department of Manchukuo, who is now in London, will accompany the mission, it was announced.

A change in British policy towards Manchukuo in the near future was predicted by Foreign Ministry leaders in Tokyo August 10. British investors had been hesitating to send their representatives to the new state owing to the non-recognition policy of the British Government, it was said, but finally decided to send an inspection party as other nations are ready to invest.

Japanese official circles received with what was described by a Foreign Office spokesman as "great interest" the report that the Federation of British Industries had decided to send an industrial mission to Manchukuo.

An understanding has been reached between the German trade representative, Ferdinand Heiye, and Manchu government circles for economic cooperation between the two countries based on Germany removing all obstacles against the import into Germany of Manchurian soya beans, and Manchukuo buying as much as possible from Gormany without disturbing the outstanding trade welfare between Manchukuo and Japan.

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El Salvador Recognized Manchuria So as to Get a Market for Coffee

According to a report from Washington, it is the general American opinion that the real reason why El Salvador recognized Manchuria was in order to secure a market for its coffee. The general American impression is that El Salvador, having lost much of its German market, and finding is necessary to establish new outlets, hoped to strike up a profitable arrangement with Japan.

The Russian *Tass* news service notes that recent intensification of the anti-Soviet campaign in Manchuria coincides in time with a similar campaign in Japanese newspapers. This leads *Tass* to believe that both these campaigns are apparently pursuing one aim, namely, to exert fresh pressure apon the USSR, in order to secure lowe a price and more favorable conditions for Japan at the Tokyo conferenee dealing with the sale of the Chinese Eastern railway.

Drought Prevention Stressed by Chiang Kai-shek

A stern reproach, that they have not been doing all that is possible to prevent droughts and floods, has been given the authorities of Chekiang, Kiangsu, Honan, Anhwei, Hupeh and Kiangsi provinces by General Chiang Kai-shek. In an idientic telegram to the chairmen of the six provinces, General Chiang said that natural calamities have in recent years frequently visited large areas because the authorities have failed to carry out adequate prevention measures and allowed nature to take its own course. He adds that this state of affairs cannot but give one a heartache.

The situation in Anhwei province caused by the prolonged drought is becoming serious. Last week mob of over 1,000 farmers whose crops have been ruined by the drought, raided a small village near Anking, the capital of Anhwei. All foodstuffs found in the village were carried away by the hungry farmers who departed before a detachment of troops arried on the scene.

An outline governing the dispensing of relief to the people in the stricken districts of Hupeh province was adopted at a meeting of the Hupeh Provincial Famine Relief and Drought Prevention Committee at Hankow, Aug. 19 held under the chairmanship of Meng Kwang-peng, Provincial Commissioner of Civii Affairs.

Hankow is experiencing an acute food shortage, according to investigation made by the authorities, and the matter is now under the serious consideration of the Hupeh Provincial Government. In Hankow and Wuchang, both densely populated, the daily supply of rice is placed at 8,000 piculs. At present rice supplies in the two Wu-Han cities are only sufficient for 20 days.

The Hupeh Provincial Famine Relief and Drought Prevention Committee commenced functioning Aug. 7. At its first business meeting, measures governing the allocation of funds for labor and agricultural relief were adopted. The local gentry will be instructed to cooperate with the Provincial Government in the work of relief.

Faced with a black future ahead owing to the prolonged drought, a deputation of farmers from the district of Haining, north-eastern Chekiang, arrived in Nanking, Aug. 7 to petition the Central authorities for the remittance of one million dollars in order to relieve the silk industry.

In anticipation of a possible shortage of rice in the Capital, a delegation of five, representing local provision merchants and money exchangers, paid a second visit to the Municipal Bureau of Social Affairs at Nanking, August 8 to petition for relief.

For the purpose of relieving Kiangsi from a threatened famine the Kiangsi provincial authorities have decided to purchase 1,000,000 piculs of rice from Shanghai.

The Shanghai *Min Pao* comments:—"So far as we know the rice merchants do not mean to lower the rice market at home by importing foreign rice; what they want is to enrich themselves by the sale of their imports. While we cannot but regret the actions of Chinese rice merchants in withholding their rice stocks from the market, we doubt very much whether the importers of foreign rice are really counter-acting against these rice merchants. On principle we can never approve the idea of forcing down the price of home products by importing foreign goods."

In consequence of the continued rise in the price of flour caused by the drought, a "strike" was declared by the tea houses and noodle shops in Huaiyin, northern Kiangsu, Aug. 11.

Suiyuan is in the grip of an unprecedented flood, and most of the districts in the province have been seriously affected. While the rest of the province is suffering from flood, Hotao, the richest region in Suiyuan, is suffering from a serious drought. The Yellow River in that region has dried to the bottom. The farmers there are all on the verge of starvation and many are eating the bark of trees.

In view of the gravity of the drought situation in the country, it is reported that the National Government is contemplating a 20 per cent cut in the salaries of all public functionaries employed in the Central, Provincial and Municipal Governments. The amount saved will be devoted to relief work.

A message from Tsinan, provincial capital of Shantung, states that the strong current of the Wei Ho is endangering the embankments at Tungping, southwestern Shantung. The Shantung Provincial Relief Committee has remitted $5,000 for the reinforcement of the dykes.

Chengtu has been converted into a vast lake and most of the buildings in the city have several feet of water in the ground floor rooms as a result of the torrential rains end of last week.

Water in the Yellow River in Shantung continues to rise and according to reports sent in by the Flood Prevention Bureau, water in the river rose by another 9.1 inches Aug. 9.

Fundamental plans for control of the Yellow River have been formulated by the Yellow River Conservancy Board, according to Chang Han-ying, Chief secretary of the Board, who arrived in Nanking Aug. 12 from Kaifeng, provincial capital of Honan.

A typhoon swept the new port of Lienyunkang, near Haichow in northeastern Kiangsu, end of last week.

Shanghai Japanese Make Move to Take Schools from Municipal Control

Abandonment of direct control and management of schools by the Shanghai Municipal Council to be subsituted by a system of subsidies to local schools controlled and managed by various foreign communities in the Settlement has been proposed in a memorandum submitted by the Committee for the Study of the Shanghai Municipal Council's Administration Affairs of the Japanese Residents' Corporation.

This, the memorandum claimed, was the "most appropriate way for the solution of the complicated educational problem of the Municipal Council," which is "at the present time faced with the carrying out a most drastic reformation in its anachronistic educational policy."

The memorandum among other things, said:—"We heredy dare to suggest, as a most appropriate way for the solution of the complicated educational problem of the Municipal Council, that (1) the Council abandons its present system of controlling and managing S.M.C. schools, (2) that the Council distribute subsidies to local schools which are being controlled and managed by various foreign communities, (3) that the fund to be yearly appropriated hereafter to such subsidies is to be fixed at the sum as budgetted by for the fiscal year, 1934, including the ordinary and extraordinary expenditures as its standard, and (4) that the ratio of appropriations to each individual foreign school is to be based on the number of school children accommodated therein or on the number of S.M.C. rate-payers."

The memorandum was signed by Y. Ikeda, Chairman of the Committee for the Study of S.M.C.'s Administration Affairs.

The Silk Crisis and Labor Unrest

BY PAUL K. WHANG (汪仲芳)

DEPRESSION in the silk trade has been going from bad to worse. Since the beginning of this year, the tone of the silk market has been very weak, and prices have been steadily and consistently declining. Silk of good quality is now quoted at $412 per picul in the local market, the lowest price ever reached in the past thirty years. Whether the bottom has been reached or not, can not be told; but what is certain is the fact that there is no faint hope of the revival of the silk business in the immediate future.

Cocoons are very cheap this year, but they are not cheap enough to make silk-manufacturing a profitable undertaking. The average price of Spring cocoons this year was around $30 per picul[1] ($25 for native cocoons and $35 for the disease-free variety). The drastic falling off in the prices of cocoons, it must be said, has increased the financial difficulties of the farming population and accentuated the rural distress, inasmuch as the prices offered for the cocoons were far from being sufficient to cover the cost of cocoon-production. But despite the cheap cocoons, the silkmen are still losing money in selling their manufactured silk.

This anomalous situation can be esaily understood by comparing the present silk prices with the cost of silk-production. Generally, it takes three piculs of fresh cocoons to make one picul of dry cocoons, and therefore the price of one picul of dry cocoons will be $90. The cost of cocoons for making one picul of silk will be about $450, if the yielding quality is 500, that is, taking five piculs of dry cocoons to make one picul of silk. Added to this will be the cost of manufacturing, which is estimated to be $100. Taking all in all, the total cost of production of one picul of raw silk will be nothing less than $550. But from this, a sum of about $40 realized from the sale of by-products, can be deducted. Therefore the net cost of silk-production will be about $510.

During the cocoon season, the silk price was quoted at $520. Thus the silkmen who paid $30 for one picul of fresh cocoons could still expect to make a little profit by manufacturing them into silk. But after the cocoon season, the silk price declined rapidly and registered a decrease of more than $100 in six weeks. Instead of making a little profit, as expected by the silkmen, they will sustain a loss of about $100 for each picul of silk sold at present. This accounts for the reason that the silkmen who were very optimistic during the cocoon season have once again lapsed into pessimism.

Many Silk Filatures Suspend Operations

In Shanghai there are altogether 108 silk filatures, most of which are located in Chapei and Hongkew districts. Since 1931, the year which marked the beginning of the present depression, never at any one time have all these filatures been operated simultaneously. Most of these filatures have been operated in an on-and-off manner in accordance with the change of the market condition, while others have been suspended indefinitely. When the silk price has gone upward, many silkmen with their cocoon stocks on hand and a little capital would lose no time in opening up their filatures. But as soon as the price began to go down they would instantly close down their establishments and wind up their affairs.

In one sense the silk business has become a very speculative undertaking because of the wide fluctuation of the prices from month to month. Take last year for instance. In May, silk of good quality was quoted at $600 per picul, but since then the price rose rapidly and reached the climax in September, when the same was sold at over $900 per picul. But beginning from October, the market again took a turn toward the worse, and by the end of the year, the price dropped to its former figure. Thus within a short span of three months there was registered an increase of as much as $300 in the silk price.

This wide fluctuation of the silk market has made it impossible for the silkmen to carry on their business with a small capital. As a matter of fact, most of the silkmen have been men of small means, and they have to depend upon a quick turnover of their business as the only means to operate their establishments continuously. They must dispose of their products irrespective of the fact whether the market is good or bad; otherwise, they will have to quit their business. In face of the present business depression and uncertainties of the market, the conservative silkmen have had no alternative but to close down their establishments. Only the enterprising and courageous ones have continued to carry on their fight in spite of the great odds against them.

Only thirty-three filatures have resumed after the Spring cocoon season. This number represents less than one-third of the total number in Shanghai. During the cocoon season, it was said that about half of the Shanghai filatures would be re-opened, but since the silk price has continued to decline, many of the silkmen have changed their minds. At the time of writing this article, eight out of the thirty-three reopened filatures have once again been suspended because of the silk slump. It is reported that many more are on the point of winding up their affairs. It goes without saying that if the market condition does not take a turn toward the better immediately, every filature will have to be closed down by the Chinese Mid-Autumn Festival.

This sericultural crisis has hit the silk labor especially hard. In the good old days when the silk industry was in full swing, more than 100,000 women were employed by all the filatures in Shanghai. It must be noted that these women, who worked from sunrise to sunset in the filatures, were not prompted by their desire of earning some pittance money, but were driven by the necessity of maintaining the livelihood of their family. Therefore it is safe to say that upon the meager earnings of these 100,000 women, about 300,000 of aged people and young children depended for their livelihood.

Now only 12,000 women have successfully secured employment, representing only 12% of the total number of employable silk workers in Shanghai. The competition between the employed and unemployed has been very keen, and the unemployed women have vented their wrath upon the employed ones. It has been the slogan of the unemployed women that either every silk worker of Shanghai can secure employment, or every one should starve to death. Their jealousy and desperation have driven them to use underhand measures to oust employed women from employment. Thus instead of co-operating to fight for the common cause, they have fought among themselves for employment. This state of affairs will inevitably lead to serious consequences, if the unemployed women are continuously left in the cold without relief.

The Pathetic State of the Workers

But even the present fortunately employed silk women are also living with a sense of great insecurity, not because of the threat of unemployed women, but because of the fact that the filatures now in operation may be closed down at any time if the silk market does not show improvement in the immediate future. They can not be expected to concentrate their minds on their work when they have been always seized with a fear of unemployment and starvation. Therefore their case is just as pathetic as the case of those who are employable but unemployed.

Now both the employed and unemployed silk women have pressed the government for assistance: The former demanding to make their employment secure the latter asking for employment. It is said that the unemployed women will proceed to Nanking en bloc, if the government officials persistently turn deaf ears to their pleas. Suffice it to say that unless some form of relief can be given to them, their disappointment, coupled with their desperation, will drive them to mob violence and wild agitations, the occurrence of which will have an adverse effect upon peace and order of the local community.

In face of this critical situation, the Central Government can no longer pass the buck to the local government and must formulate immediately a practical program to bring relief to the silk workers not only in Shanghai but also in other silk centers. It will be idle to talk about an elaborate program of reconstructing our silk industry at the present time, while the silk filatures have been closed down in wholesale fashion and silk women have been faced with unemployment and starvation.

We can not relieve the unemployed silk women, unless we can first encourage the silkmen to reopen their filatures. Therefore it is suggested that the government should follow the example set in the year of 1930 by giving the silkmen a subsidy of $100 for every picul of silk exported. This subsidy will be sufficient to recompense the loss which the silkmen are now sustaining for each picul of silk sold. With the granting of this subsidy, it is expected that many silkmen will be able to reopen their filatures so as to get rid of their cocoon stocks on hand. Also many of the unemployed silk women can secure employment thereby.

In view of the important bearing of China's silk industry upon national economic and social life and the grave consequences which may arise from the labor unrest, we believe that the government should act upon this suggestion without delay. This form of relief, of course, can not be considered as a fundamental measure, but it will be good enough to tide over the present crisis. It is our hope that the government officials, instead of indulging in empty talk and making paper reforms, should turn their attention to practical measures, which can be easily carried out to meet the exigency of the time and to cope with the present crisis.

Shanghai, August 12, 1934.

Recent Developments in Manchuria and the Present Status of "Manchkuo"

BY DR. BEN DORFMAN

(The following authoritative article dealing with the Manchurian issue was presented as an address by Dr. Dorfman before the Institute of Public Affairs of the University of Virginia during July. Dr. Dorfman was formerly attached to the Lytton Commission which investigated the Manchurian problem on behalf of the League of Nations. Dr. Dorfman is now a resident of New York.)

MANCHUKUO, or the State of Manchuria, has undergone many radical alterations in its political and economic structure during the short span of its existence. Its administrative subdivisions have been augmented and reorganized. "Chief Executive" Henry Pu-Yi has become Emperor Kang Te, and the outside world has extended his realm an increasing measure of recognition. Manchukuo has made considerable strides in reorganizing its finances, currencies, transportation system, communications and industries. Moreover, it has projected—with considerable Japanese direction and assistance—an extensive program for economic development. It has also made some progress in restoring "peace and order" within its boundaries. What I propose to discuss are the nature and possible significance of these developments.

Manchukuo came into existence officially on March 1, 1932. Its proclamation of establishment declared: "by the will of the thirty million people, we hereby declare on this day that we sever our relations with the Republic of China and establish the State of Manchuria..." The Lytton Commission, you will recall, explained the orgin of Manchukuo somewhat differently.

The second important stage in its political career was marked by the signing of the so-called Manchukuo-Japan Protocol on September 15, 1932. Japan thereby granted *de jure* recognition to Manchukuo. I shall take the liberty of reading certain important excerpts from this protocol:

"Whereas Japan has recognised the fact that Manchukuo, in accordance with the free will of its inhabitants, has organized and established itself as an independent State; and

"Whereas Manchukuo has declared its intention of abiding by all international engagements entered into by China in so far as they are applicable to Manchukuo:

"Now the Governments of Mauchukuo and Japan have... agreed as follows:—

"1. Manchukuo shall confirm and respect... all rights and interests possessed by Japan or her subjects within the territory of Manchukuo by virture of Sino-Japanese treaties, agreements or other arrangements...;

"2. Manchukuo and Japan... agree to cooperate in the maintenance of their national security: it being understood that such Japanese forces as may be necessary for this purpose shall be stationed in Manchukuo...

"The present Protocol has been drawn up in Chinese and Japanese... Should any difference arise in regard to interpretation... the Japanese text shall prevail."

Japan, you will recall, recognized Manchukuo after the Lytton Report was written, but about two weeks before the League of Nations was able to publish it. The eventuality of Japan taking such a step was fully anticipated by the Lytton Commission, however, and it even made mention of this in its report.

The Third Stage

The third stage in Manchukuo's political development came with the establishment of a monarchy on March 1, 1934. Emperor Kang Te, in his enthronement rescript announced that "we" had ascended to the throne in conformity with the wishes of the people and in "complying with the will of Heaven." Incidentally, the Emperor also paid tribute to the Empire of Japan which, he declared, "in the name of righteousness and justice and in spite of suspicions cast and attacks made by uninformed quarters, gave assistance in the task of establishing our State."

It yet remains to be ascertained what the full consequences of the monarchrial regime for Manchukuo will be. By no means does it imply that Manchukuo has actually become an "independent" state and that Japan has no intention, or may not later entertain one, of ultimately annexing the territory. Japan's protestations to the contrary may be lightly dismissed in view of what transpired in Korea only a little over two decades ago. The chief advantages which the monarchical form of government may possibly bring to Manchukuo and Japan are the following:

First, an "Emperor" is much more comprehensible to the inhabitants of Manchukuo than a "Chief Executive." Of particular significance is the fact that many Chinese, including large numbers living south of the Wall, now look upon Pu Yi as the restored Manchu Emperor. This conception should serve to reduce any opposition which Manchukuo might meet if, at some propitious time in the future, it should decide to extend its boundary southward.

Secondly, Mongol princes regard the new monarchical status of Pu Yi as giving them a chance to establish an autonomous Mongol regime. This, in turn, may give Manchukuo an opportunity to extend its boundary westward. Already a Mongol autonomy movement has started in Chinese Inner Mongolia. Of the 3,000,000 Mongols in Inner Mongolia, 2,000,000 live in the Manchukuo section of it; and only 1,000,000 Mongols live in the whole of Outer Mongolia, a territory of some million square miles. Japan, therefore, exercises control over a greater number of Mongols than does either Soviet Russia or China. At present, China is desperately trying to retain at least a nominal hold on her sector of Inner Mongolia. Whether it will be successful in holding this buffer is at least open to doubt. A Sovietized Outer Mongolia and a Japanized Manchuria are making strong and tempting bids for it.

The territory which Japan today recognizes as Manchukuo is somewhat more extensive than that which Westerners formerly regarded as Manchuria. Up until 1928, Manchuria consisted of what the Chinese referred to as their "Three Eastern Provinces." In 1928, following an administrative reorganization of North China, the "Three Eastern Provinces," by the addition of Jehol became known officially *by the Chinese* as the "Four Northeastern Provinces." It was this territory over which Chang Hsueh-liang was the overlord until September 18, 1931, when the Sino-Japanese hostilities broke out. Manchukuo today consists of the former "Four Northeastern Provinces," and the area between the Great Wall and the former southern boundary of Jehol. Manchukuo, therefore, includes small bits of territory which were formerly a part of Hopei Province. "The exact Western boundary of the new state," to quote the latest Manchuria Year Book, "has not yet been clearly defined."

On March 1, 1933, one year after its establishment, Manchukuo set forth an elaborate "ten year plan." "In order to avoid the baneful effects which capitalism when unbridled may exert," it announced, "it is necessary, in constructing our national economy, to apply a certain amount of national control thereof .... The principle of the open door and equal opportunity will be observed .... Capital investments from various parts of the world will be invited .... In view of the close economic inter-dependence between Japan and this country, emphasis will be placed upon securing cooperation between the two nations .... Those enterprises which are important from the standpoint of national defence, or which are in the nature of public benefit will be conducted under official management by special companies. Industries not included within the above category will be left free to the management of private persons .... In the construction of railways, the primary object will be the development of the economic wealth of this country; and the safety of national defence and the maintenance of public peace will also be sought for. The total length of railways when completed in the future will reach 25,000 kilometers. In the next ten years, 4000 kilometers of new line will be laid, making a total of 10,000 kilometers by adding the existing railways. Trunk lines will be State-owned and operated under a unified management."

Many Industrial Enterprises

In conformity with its economic program, Manchukuo immediately embarked, or made definite preparations for embarking, on a number of important enterprises jointly with Japan. These included the Manchukuo Petroleum Company, the Manchuria Coal Mining Company, (for exploiting all of the coal mines in Manchuria other than those at Fushun) the Japan-Manchukuo Magnesium Company, the Manchurian Chemical Company, the Manchuria Electric Company, the Manchuria Gold Mining Company, an Alcohol Company, and a Forestry Company. All of these were corporations of considerable size. On August 31, 1933, Japan and Manchukuo

CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.
(Connected with N.S.L. Nos. 301 & 302)

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
20.45	21.25	PUKOW	1.20	1.40
16.54	16.57	LINHUAIKWAN	5.40	5.43
16.04	16.19	PENGPU	6.19	6.34
13.52	13.57	NANHSUCHOW	8.45	8.50
11.50	12.05	HSUCHOWFU	10.50	11.10
10.02	10.17	LINCHENG	13.00	13.15
9.13	9.16	TENGHSIEN	14.06	14.09
7.40	7.55	YENCHOWFU	15.36	15.56
7.15	7.18	CHUFOU	16.21	16.24
5.34	5.42	TAIANFU	18.05	18.20
3.25	3.45	TSINANFU	20.12	20.42
2.03	2.13	YUCHENGHSIEN	22.05	22.15
0.24	0.39	TECHOW	23.55	0.25
22.37	22.47	POTOUCHEN	2.12	2.22
21.36	21.46	TSANCHOW	3.16	3.29
18.30	18.40	TIENTSIN (C)	6.40	7.00
17.59	18.20	TIENTSIN (E)	7.10	7.35
—	15.05	PEIPING	10.29	—

PEIPING-HANKOW RAILWAY.

14.05	PEIPING	22.00
13.27	CHANGSINTIEN	22.48
9.54	PAOTUNG	2.23
5.50	SHIHCHIACHWANG	6.28
2.19	SHUNTEH	10.01
19.27	SINSIANG	16.45
16.43	CHENGCHOW	19.26
13.59	HSUCHOW	22.08
12.16	YENCHENG	23.51
9.58	CHUMATIEN	2.34
6.10	SINYANG	6.01
3.36	KWANGSHUI	8.36
22.45	KIANG AN	13.15
22.30	HANKOW (Tachimen)	13.25

PEIPING-SUIYUAN RAILWAY.

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
9.30	—	HSICHIMEN	—	16.48
8.06	8.16	NANKOW	18.07	18.17
—	—	CHINGLUNG-CHIAO	—	—
1.52	2.07	KALGAN	0.30	0.45
19.34	19.49	TATUNG	7.01	7.21
15.48	16.03	PINGTICHUEN	11.04	11.19
10.56	11.16	SUIYUAN	15.42	16.02
—	7.00	PAOTAO	19.58	—

LUNGHAI RAILWAY.

5.15	—	HSUCHOWFU	—	21.10
0.57	1.17	SHANKIUHSIEN	1.16	1.56
20.47	21.07	KAIFENG	6.20	7.00
18.40	19.00	CHENGCHOW	8.49	9.09
14.45	15.10	LOYANG E.	12.53	13.23
9.30	9.55	SHANCHOW	18.30	18.55
—	6.10	TUNGKWAN	22.15	—

KIAOTSI RAILWAY.

7.35	—	TSINGTAO	—	21.00
5.48	5.50	KIAOCHOW	22.46	22.48
5.06	5.16	KAOMI	23.19	23.30
3.26	3.41	FENGTZU	1.01	1.16
3.03	3.05	WEIHSIEN	1.36	1.39
1.36	1.38	TSINGCHOW	2.55	2.57
28.59	0.01	CHOUTSUN	4.32	4.35
—	22.00	TSINANFU	6.30	—

CHENGTAI RAILWAY.

19.42	—	SHIHCHIACHWANG	—	7.58
18.14	18.16	TSINGCHINGHSIEN	9.27	9.29
16.00	16.15	YANGCHUAN	11.47	12.01
14.48	14.50	SHOUYANGHSIEN	13.50	13.52
12.40	12.49	YUCHIHSIEN	15.25	15.35
—	12.08	TAIYUANFU	16.07	—

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

STATIONS UP.		Zku-Nkg Express R. Through	Express R.	STATIONS DOWN.		Express R.	Nkg-Zku Through Express R.
ZAHKOU	d.	7.45	17.30	SHANGHAI, N.	d.	7.50	15.00
HANGCHOW	d.	8.15	17.55	JESSFIELD	d.	8.07	15.17
CHANGAN	d.	9.06	18.53	SICCAWEI	d.	—	—
YEHZAH	d.	—	19.25	SHANGHAI, S.	d.	7.55	—
KASHING	d.	10.17	20.05	SUNGKIANG	d.	9.05	16.05
KASHAI	d.	—	20.31	FUNGCHING	d.	—	—
FUNGCHING	d.	—	—	KASHAI	d.	9.51	—
SUNGKIANG	d.	11.25	21.20	KASHING	d.	10.25	17.20
SHANGHAI, S.	a.	—	22.25	YEHZAH	d.	11.01	—
SICCAWEI	d.	—	—	CHANGAN	d.	11.34	18.25
JESSFIELD	d.	12.11	22.16	HANGCHOW	d.	12.31	19.20
SHANGHAI, N.	a.	12.25	22.30	ZAHKOU	a.	12.50	19.35

NANKING-SHANGHAI LINE.

STATIONS UP		Express R.	Thro. Exp. Zku-Nkg R.	S'hai-Peiping Thro. Exp. (No. 302) R.S.	Night Express R. S.	STATIONS DOWN		Thro. Exp. R. Nkg-Zku	Express R.	Night Express R. S.	Peiping-S'hai Thro. Exp. (No. 301) R.S.
SHANGHAI, N.	d.	8.00	13.00	16.05	23.00	NANKING	d.	8.00	17.00	23.00	24.00
NANSIANG	d.	—	—	—	23.33	CHINKIANG	d.	9.25	18.25	1.00	1.54
KUNSHAN	d.	9.05	14.15	—	—	TANYANG	d.	10.07	19.05	1.52	2.43
SOOCHOW	d.	9.50	15.00	18.04	1.13	CHANGCHOW	d.	11.01	20.00	3.05	3.51
WUSIH	d.	10.41	15.51	18.55	2.13	WUSIH	d.	11.52	20.55	4.07	4.48
CHANGCHOW	d.	11.45	16.45	19.53	3.13	SOOCHOW	d.	12.47	21.50	5.13	5.52
TANYANG	d.	12.33	17.36	20.48	4.23	KUNSHAN	d.	13.26	—	—	—
CHINKIANG	d.	13.16	18.20	21.34	5.14	NANSIANG	d.	—	—	6.54	—
NANKING	a.	14.30	19.35	22.55	7.00	SHANGHAI, N.	a.	14.25	23.30	7.20	7.55

NOTICE

1. Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.
2. For Local and Through Traffic, the following free baggage allowances will be granted to each passenger:—

   1st class passenger . . . . . 80 kilogrammes (142 catties)
   2nd class passenger . . . . . 60 Kilogrammes (100.5 catties)
   3rd class passenger . . . . . 40 Kilogrammes (67 catties)

   Half of these quantities will be allowed on each child's half ticket of each class respectively.
3. Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (33.5 catties) of $0.002 per kilometre per unit of 20 kilogrammes.
4. In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.

formally established the Manchuria Telegraph and Telephone Company, capitalished at "Gold" Yen 50,000,000. This company operates "All forms of electric communications, including telegraphs, telephones, wireless telegraphy and wireless telephony, and radio broadcasting throughout Manchuria;" the charter also provides that "The Military authorities of Manchukuo and Japan may, with reference to the enterprises of the Company, issue such directions as may be necessary for military purposes."

It may be that Manchukuo will not be able to carry out the entirety of its enormous construction program but the evidence is overwhelming that at the present time it is making strides on an unprecedented scale. Practically all of the outside capital and direction are being provided by Japan. Japan's goal, apparently, is to shape an economy in Manchuria that will first of all meet Japan's own military requirements and secondarily, supplement its own economic needs. To a degree, this can be accomplished without imposing any permanent hardships on either Manchukuo or Japan; but if the program is carried to the length of establishing too many economically unsound (but strategically desirable) enterprises, Japan and even Manchukuo may suffer in the long run.

It is not possible to examine Manchukuo's public finances very critically, since for the present it is necessary to depend almost solely on official sources of information. If one is to accept Manchukuo's financial statements at their face value, however, it would appear that the State's financial position at present is tolerably sound. This does not imply that Manchukuo is self-sustaining or that it will not remain a financial burden on Japan for at least some time to come. As long as Japan is able and willing to finance Manchukuo development, provide budget-balancing loans, if necessary, and tax its own peoples for the support of the military organization necessary to retain hold of the new state, Manchukuo should certainly have no difficulty in forging ahead economically and balancing its budget. Manchukuo, nevertheless, must seek to effect a considerable measure of fiscal reform. The Military continues to absorb too large a fraction of the country's revenues, and Education and Social Enterprise, too small a fraction. Moreover, tax burdens must be more equitably distributed. At present, they rest too heavily on persons least able to bear them. The tax on salt for example, is far too high. It accounts for 13% to 15% of Manchukuo's total revenues. Appreciation must be made for the fact, however, that Manchukuo cannot rapidly alter long established fiscal practices.

The currencies which Manchukuo inherited from the former regime were exceedingly varied, and were issued by a large number of banks and private, non-banking institutions. Manchukuo has already effected a considerable measure of monetary reform and contemplates more in the near future. Its accomplishments to date have been thoroughly creditable, even if they have not measured up to the claims made for them. The existing currency situation in Manchuria, however, cannot be regarded as altogether satisfactory.

Almost the entirety of the Chinese currency in Manchuria prior to September 1931 consisted of paper notes, comparatively few of which were convertible into hard coin. And only a small amount of coin was in circulation. Private notes were issued by several score small banks, exchange shops, bean and grain mills, *kaoliang* distilleries and the like. These notes were irredeemable and enjoyed only restricted, local circulations. The notes issued by the provincial and certain semi-official banks, circulated much more widely. None, however, circulated throughout the "Three Eastern Provinces." Incidentally, there was no important variety of former Manchurian money that was "worthless" as has frequently been charged. Much of it, however, was enormously depreciated. It should be borne in mind that Manchuria suffered not so much from employing *depreciated* currencies as from employing *depreciating* and *fluctuating* currencies.

The New Currency System

One of the first acts of the Japanese Army in seizing Manchuria was to take over the principal Chinese banks of issue. This was done in "self-defence," ostensibly for the purpose of preventing the "enemy" from receiving financial support. The three provincial banks and a private bank controlled by Chang Hsueh-liang were later amalgamated to form the new "Central Bank of Manchu," established on June 15, 1932. The new bank announced that most of the former Chinese paper monies would be exchangable for the new national currency at certain officially determined rates. Moreover, all of the older monies were to be permitted to circulate until July 1, 1934, when they were to become legally worthless. According to unconfirmed reports, however, this date has since been advanced.

The new unit of currency is the "Manchukuo Yuan." It is also known as the "Kuo-pi dollar." Theoretically it has about the same silver content as the Chinese, Yuan Shih-kai or Sun Yat-sen dollar. No Manchukuo yuan coins are minted, however, and the only unlimited legal tender are the new Japanese engraved, Manchukuo paper bank notes. Subsidiary *token* coins are minted, but these are legal tender for only limited amounts.

Manchukuo banknotes circulate side by side with the Chinese silver dollars, but usually at a small premium or discount. Although the Chinese silver dollars are not legal tender, they are generally held in higher esteem by the Chinese than are the Manchukuo notes. Despite the tireless efforts of the new government to convince the Chinese that the new Manchukuo paper notes are "just as good if not better" than the heavy dollar pieces, the Chinese entertain a healthy suspicion to the contrary.

At present, Manchukuo may be said to have a "managed currency" which is being managed so as to give the Manchukuo yuan approximately the same internal and external value as the Chinese silver dollar. This has been accomplished with fair success thus far by imposing certain restrictions on the purchase and sale of Shanghai exchange, Japanese currencies and local silver bullion and coins.

Manchukuo's frequent assertion that its currency "from the outset" has been backed by "at least fifty per cent gold and silver" is not borne out by the Central Bank's comfortably ambiguous balance sheets. The claim seems to rest on the fiction that inconvertible "gold" yen and other foreign currencies, and "deposits (the nature and location of which are not revealed) in foreign banks" are in fact "gold and silver."

Manchukuo claims that by April 26, 1934, it had withdrawn 82 per cent of the former Chinese banknotes. Withdrawal has not been uniform with respect to varieties, however, for Harbin at that time seems to have retained a large precentage of its old currency.

If Manchuria had been plagued with only Chinese currencies, monetary matters would have been confusing enough. In addition, it employed Japanese "gold" and "silver" yen, and the Russian ruble—not actually as a currency, but as a money of account on the Chinese Eastern Railway. The use of Chinese, Japanese and Russian monies, which fluctuated enormously with respect to one another, served to aggravate and precipitate many issues involving China, Japan and Russia. Since the Japanese seizure of Manchuria had a direct bearing on only the Chinese currencies, the others continue to be employed today essentially as before. The present currency situation in Manchuria therefore cannot be regarded as permanently satisfactory. As long as the region makes such important use of four "foreign" currencies in addition to its own, there will be difficulties. The Russian ruble (as a money of account) will doubtlessly go with the purchase, seizure or full control of the Chinese Eastern Railway. The Japanese "silver yen" may go, when and if the new Manchukuo currency becomes more dependable *and* if it remains linked to silver—which latter is not probable. The Japanese "gold yen," possibly issued by other than the Bank of Chosen, however, will certainly remain an important factor in Manchukuo economy for some time to come. And what is quite likely, is that the present Manchukuo "silver yuan" will be converted into a "gold yen" in the not distant future. It will be extremely difficult to oust the Chinese silver dollar, however. The Chinese populace much prefers *full weight* silver coins and notes *convertible* into them, to either the present Manchukuo yuan notes, or the "gold yen" currency they are likely to have forced on them. As between the two latter, however, they would prefer the present Manchukuo yuan so long as it is kept pegged close to parity with the Chinese silver dollar.

Much Railway Construction

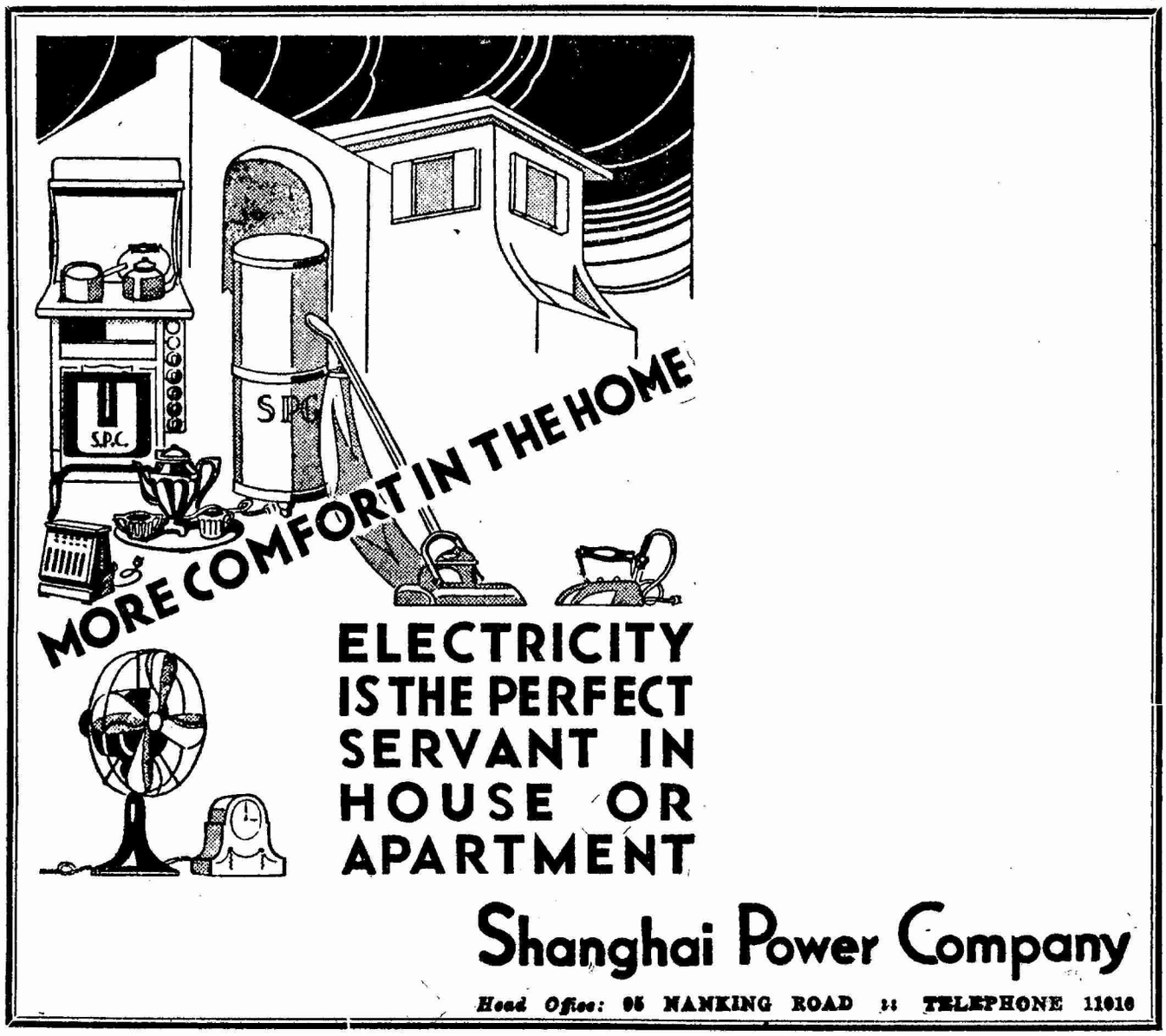
Nowhere else in the world is railway construction proceeding at as rapid a pace as in Manchukuo. Moreover, no other development in the new state is being watched with as keen an interest by the outside world and particularly by the Soviet Union.

On March 1, 1933, Manchukuo entered into an agreement with the Japanese government controlled, South Manchuria Railway Company to administer and operate all the Manchukuo owned railroads. This was done ostensibly for the purposes of: unifying the existing lines; promoting their economic and technical officiency; partly reimbursing the South Manchuria Railway Company for the outlays it had previously made on behalf of Manchurian railways; and I now quote from the agreement "providing for the cooperation of the two nations (Manchukuo and Japan) in the matter of defence." The agreement further stipulated that the South Manchuria Railway Company should be paid gold Yen 100,000,000 for building the Tunhua-Tumen, the Lafa-Harbin and the Taitung-Hailun railways, work on which had already been in progress for sometime previous. These three lines are now in operation, and are among the most important in all Manchuria.

The most consequential of the new lines, both from an economic and strategic standpoint, is the Tunhua-Tumen Railroad. It is the last link in the route between Manchuria and northern Korea. A Japanese newspaper frankly described the line as "one of the most valuable strategic railways in the Far East . . . Japan may throw troops into the country many hours faster than by any other route." The new line likewise permits the Japanese to divert traffic from the Chinese Eastern Railway and the Russian port of Vladivostok, and to shorten the time in which cargo may be transported between North Manchuria and Japan.

The Lafa-Harbin line is likewise enormously important. It connects Harbin with a point on the railroad to north Korea—the one to which I just referred. It permits the Japanese to tap Harbin, and the fertile region to the north and west, without being compelled to pay the high "gold ruble" tariff of the Russian-owned Chinese Eastern Railway. It also enables them to divert additional traffic from the Eastern section of the Chinese Eastern Railway.

The Taitung-Hailun line completes the 375 mile "crescent" between Harbin and Tsitsihar. From a point near the center of the



"crescent," another line is being pushed northward a distance of some 190 miles toward Taheiho, which is opposite Blagoveschensk on the Soviet frontier. The line is already partly constructed and when completed will be one of the most strategically important lines in the state.

The four new lines I have just referred to, serve the richest soya-bean producing areas in Manchuria, and to the north of them lies the region where Manchukuo hopes to expand its wheat production. Cargo can now be forwarded to the Manchukuo and Japanese lines from points as far west as Tsitsihar without being trans-shipped and without employing Chinese Eastern Railway facilities.

Another line tapping Chinese Eastern territory, and feeding the north Korean ports, will likewise be completed soon. It will extend from Tumen, a point near the eastern end of the line to north Korea, to Mutankiang, a point on the Chinese Eastern Railway where it crosses the Mutan (or Peony) River.

In addition to the railroads which I have already mentioned, seven others are now under construction. Manchukuo let the contracts for these to the South Manchuria Railway Company on March 20, 1934. These new lines will serve strategic and political ends, as well as economic.

Considering all the new Manchukuo lines which are completed or are under construction, it cannot be said that on the whole they are primarily strategic. Only a few of them are. And for the most part, those lines which are of the greatest strategic value are likewise of the greatest economic importance. Moreover, certain of the lines serve political considerations. In time of war all of the Manchukuo lines would serve military ends directly or indirectly.

Protracted C. E. R. Sale Negotiations

Manchukuo has made no outward progress of late in its negotiations with Soviet Russia over the sale of the Chinese Eastern Railway. Ever since Russia and Manchukuo entered their parley in Tokyo on June 6, 1932, negotiations have periodically been halted out of seemingly irrelevant considerations. Russia originally offered to sell the line for 250,000,000 "gold" *rubles*. It calculated that the railroad had cost 411,691,967 "gold" rubles. Russia asked for only about one-half of this amount plus another 40,000,000 "gold" rubles for the railroad's auxiliary enterprises. Manchukuo offered to pay considerably less. The Chinese Eastern Railway, it calculated, could be reproduced for 130,000,000 "gold" *yen*. Since the line was half worn out, and since Manchukuo owned fifty per cent of it, Manchukuo claimed that the Russian interest in the line amounted to only 32,500,000 "gold" yen. "Acting under larger considerations of the future relations between the two countries," however, Manchukuo offered to pay Russia 50,000,000 "gold" *yen*. Russia denied that Manchukuo *owns* any part of the Railroad, but subsequently reduced its "asked price" to 200,000,000 "gold" *rubles*. No ruble-yen conversion rate was agreed upon. Negotiations are again under way, with the Russian "offer" and the Manchukuo "bid" prices probably approaching one another more closely. In the meantime, the Railroad is steadily becoming less valuable. The new Manchukuo lines are more and more parallelling and encircling it, and periodic "bandit" ravages are making heavy inroads on the line's steadily diminishing receipts. Apparently as a matter of principle, however, Soviet Russia does not care to part with the line "legally" unless it receives a substantial sum for it. Incidentally, the French Government, despite numerous reports to the contrary, does not claim any interest in the Chinese Eastern Railway, according to a press report attributed to the French Consul General at Harbin.

(To be continued)

Japan's Dark Financial Future Weighs Heavily Upon Minds of People

BY THE REVIEW'S TOKYO CORRESPONDENT

(Translations from various Japanese publications)

THE basic policy for the compilation of the 1935-6 national budget estimates was determined at the Saito Cabinet's budget meeting of June 26. Hitherto, the press made light of the government basic policy for the budget formation when it was made public. But the atmosphere in which the dying Saito Ministry stood did not let the press remain inactive as usual. All the leading newspapers gave unreserved support to the basic policy of the government's budget compilation for 1935. Later the Okada Cabinet appeared and decided to adopt it in its entirety. The basic policy is made up of the following four items (two others deal with procedure):

1. The finances should be strengthened in forming the 1935-6 fiscal year's budget and efforts should be made toward the prompt recovery of equilibrium between revenue and expenditures. Utmost retrenchment shall be observed to minimize the flotation of loans.
2. Only such new appropriations as are absolutely indispensable shall be recognized.
3. Thought and care shall be exercised to effect further saving even on sums already appropriated.
4. Emergency relief projects shall terminate at the end of the 1934-5 fiscal year as per schedule. Such projects as warrant continuation shall be considered on a separate plane.

On August 5 all the Tokyo papers reported that Premier Okada does not contemplate effecting the increase of taxation for the fiscal year of 1935-6. Under the same date the *Tokyo Asahi* says that the Finance Minister is inclined to support the Premier's intention and the officials of the Finance Office will quit their pet theory of tax increase.

Thus the state finance may look calm on the surface, but the people in general cannot get rid of their restlessness when setting their eyes upon the state expenditure, which indicates continued abnormal swell as compared with the revenue, when there is no fixed policy to cope with the situation on the part of the government. Their apprehensions are represented by the following articles by authorities on the state finance. It must be noted, as is always the case with him, the scribe made no selection of articles according to their contents, but indiscriminately adopted all articles that came to his notice.

Japan's Military Budget for 1935 Will Be Yen 1,100,000,000

(Editorial in the Tokyo Economist, August 1)

As all are well aware the significance of the appearance of the Okada Cabinet lies in the hope for tiding successfully over the disarmament conference next year. All state policies will be influenced by the state policy to be established to meet the 1935-36 emergency. The most outstanding of all is the financial policy of 1935 and after; the budgetary estimate for this period will transcend the simple economic theory.

The budget for the navy for this year is 240 percent of that of 1931. The budgetary estimate for 1935 is Yen 390,000,000, of which Yen 200,000,000 represents ordinary expense and the rest continuing expenditure. It is a question to what extent the new demands will be recognized and added to this figure. As regards the items of new demands, for the Manchurian Incident, building and repairing, fleet maneuvers and others which can be regarded as quasi-continuing expenditure, Yen 70,000,000 to Yen 75,000,000 will be required, while the cost of maintenance of newly built vessels and newly organized aviation corps will come up to Yen 30,000,000. Added to these there is Yen 50,000,000 to Yen 60,000,000 required for remodelling. Putting all these figures up, the total expenditure comes up to Yen 526,000,000, which is Yen 40,000,000 in excess of the estimate for this year. When other petty requirements, such as the supply of arms for air corps, are taken into account, the grand total will reach Yen 600,000,000.

The total expenditure for the army has not made so enormous a jump as in the case of the navy. Gen. Araki's plan to modernize the army at a cost of Yen 350,000,000 during the three years of 1933 to 1935 has been successful. The reported second modernization plan with a expense of Yen 150,000,000 (suggested at the Diet by Gen. Araki as the plan formulated by the General Staff Office), is far beyond the power of the Finance Office to recognize. Thus, War Minister Hayashi stands in a more difficult position than his predicessor. It is evident the army keenly feels the need of its modernization and the expansion of its air forces. If we estimate the expenditure in these directions at Yen 50,000,000, and that for the foregoing second modernization plan at Yen 150,000,000, and if the entepraise is to be carried out in 3 years, yearly expense will come up to Yen 70,000,000. If the so-called "return to normality of the expanditure for Manchurian enterprise" is to be realized in 1935 the estimate for the army for 1935 will show little difference from the estimate for 1934, but if it fails to materialize until 1936, the demand of the army will reach Yen 500,000,000. Thus, it is to be expected the budgetary estimate for the military will reach Yen 1,050,000,000 to Yen 1,100,000,000. This, it must be remembered, is the forecast made in anticipation of the Finance Minister's making an reserved display of his authority in restraining the military demand.

It Is Difficult to Effect Retrenchment in Nippon Finance

(By Kanehisa Suzuki (鈴木久憲), Diamond, July 21)

According to the financial policy of the present Cabinet it is expected that the government will effect great retrenchment in all directions with a view to getting prompt recovery of equilibrium between revenue and expenditures. It may be that the authorities are desirous to follow the example of Great Britain, but conditions greatly differ between the two countries. If the cabinet financial policy is placed on such a basic schedule, nothing is more outrageous.

In any country it is impossible to effect a substantial reduction in administrative expenses; rather, it must be expected that, with the need for providing for move facilities for social welfare works, they will continue making an endless swell. Conditions are different with regard to the expense for national debts, for in this case gradual decrease in the payment of interest can be expected. Inasmuch, however, as the amount of the interest to be paid on the national debt during 1934 does not come up to 20 percent of the total national expenditure, it is easily understood that by reducing the expense for national debts we can contribute little toward cutting state expenditure. In this respect things are greatly different from those in Great Britain. With reference to the expense for armament, all are too well aware of its uncheckable increase to require elucidation. Thus, it is self-evident that Britain's successful conquest of the "red ink" by retrenchment policy cannot be applied to the financial reconstruction of our country.

Taking these situations all into consideration, the only aim for the reduction of state expenditure cannot but be placed upon the discontinuation of emergency relief enterprises. To think, however, that, out of the expense of various relief enterprises amounting to Yen 473,000,000, as much as Yen 200,000,000 is to be sliced off in consequence, we are afraid that the agrarian economy would be greatly menaced and that a social disturbance of grave nature might be the inevitable result. The existing circumstances in the rural community fully endorse this possible eventuality.

To sum up all this, it is to be said that no able cabinet would be able to start making a substantial reduction in the expenditure to level the difference between revenue and expenditure in the fiscal year of 1935-36. Much less is it possible to return the state finance back upon the "orthodox track."

What Will Become of State Finance?

(By Shinshichi Nozaki (野崎新七), August issue of Keizai)

The naval budget swelled to Yen 487,000,000 in 1934 from Yen 403,000,000 in 1933. According to the schedule under contemplation this figure is expected to make a jump in 1935 to Yen 550,000,000 (the demand by the navy is rumored to reach Yen 650,000,000) while even after 1937, when the reconstruction expense is to be dispensed with, the figure will not come down below Yen 550,000,000. When this burden is already beyond the power of the government to shoulder, there is ample possibility of the country's entering into heated naval building competition in the event of the next naval conference coming to an unsuccessful closure. The same can be said of the army; it will not fail to augment its armament side by side with the naval expansion. Newspapers report the army's schedule to make the expansion of its air force. Consequently, in spite of the fact that the expense for Manchurian enterprise made a gradual decrease, from Yen 186,000,000 in 1933 to Yen 159,000,000 in 1934 and that for the emergency measures came down to Yen 100,000,000 from Yen 200,000,000 in 1932 and 1933, yet there is no hope for the decrease in the total national expenditure. Thus it is obvious the total budgetary expenditure for 1934, which is Yen 2,330,000,000, will be further inflated in 1935. The former Finance Minister Takehashi would broadcast the possibility of the natural increase of revenue in consequence of the business boom fanned by inflation policy, but such a view leaves out of account the necessity of making corresponding increase in salaries and other expenses. From all these actual conditions of the state finance we cannot but conclude that the yearly issue of bonds for 8 to 900,000,000 yen is unavoidable, and if the government wants to quit the bond issuing policy it will have to redouble the taxation or treble the direct taxes.

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Both Advance and Retreat Are Denied to Nippon Finance

(*Editorial, July* 20 *number of Diamond*)

Among various criticisms made in Europe in connection with the Manchurian Incident the one we considered the most plausible was the view that, since Japan would receive financially a vital blow therefrom, the issue would then automatically be solved. It seems both Britain and America still maintain the same view of the affair and silently wait for the arrival of the time. It is true that, in the Manchurian and armament questions lies the economic foundation of the nation, and they must receive special attention of the nation. Yet, if Japan, being over-anxious to materialize the next naval conference, makes a magnanimous concession and forsakes the right to national defense and the insistence on armament parity, both Britain and American will regard the concession as the expression of Japan's having come to financial deadlock. In such an eventuality, the League of Nations, with Britain and America at its back, will not fail to take advantage of this chance to revive the Manchurian Incident as an international problem requiring further study. It may be that the Manchurian question is an issue already settled up but as a problem involving North China it is a question yet to be solved. If, in consequence of Japan's making magnanimous concession at the conference, Britain and America assume a strong front against Japan with regard to affairs in China, the blow which it will bring to bear upon the economic situations in Japan will be enormous. To shoulder the burden of armament expansion is of course great, but the price of her excessive concession is sky-high.

The Financial Path of the Okada Cabinet Is Thorny

(*Editorial, July* 11 *number of Diamond*)

The special missions of the Okada Cabinet are to deal properly with the rice and disarmament problems. Of these two the latter question is far more important than the former one, when seen from the political viewpoint. It is the unmistakable view held by most statesmen and capitalists that until and unless the diarmament question is solved there is no adjusting of the inflation policy. If the London disarmament conference comes to a deadlock the naval armament race will set in, resulting in not only increase in the expense of the navy but also of the army. In such a case, even if the expense for the Manchurian enterprise decreases and general relief measures come to an end, the state expenditure for 1935 and after will never show a sign of any decrease. Thus, studying the situation, we fear that at least 4 or 500,000,000 yen tax increase will be indispensable. Herein lies the necessity of effecting harmony between finance and armament, as viewed from the standpoint of capital, the economic world and finance. And if the financial authorities forcibly insist on carrying into effect their measure,s a clash cannot be averted. Probably, one of the principal reasons for Okada's having been selected at this time is to let him solve naval questions within the navy circle. "Evil must be met by evil," may safely be applied to this case. Viewed from this point and its home and foreign relations it is a question how far the Okada Cabinet will succeed in bringing disarmament to a success. Thus, from financial view-point the future path of the Okada Cabinet is quite thorny.

Opening of Far East Medical Congress Is Postponed Till October 8

In compliance with repeated requests from the Vice Presidents and Local Secretaries of the Association for Straits Settlements and Federated Malay States, the Executive Committee of the Ninth Congress, Far Eastern Association of Tropical Medicine, including Dr. J. Heng Liu, Director of the National Health Administration and Acting President of the Association, Dr. P. Z. King, Executive Secretary, and Dr. Wu Lien-teh, Chairman of the Science and Publication Committee, at a recent meeting decided to postpone the opening of the Ninth Congress from October 1, as originally scheduled to October 3. The present change is made to suit the convenience of the majority of delegates to the Congress. Being represented by veteran medical exports from all over the Far East, the Congress, during which the latest advances in medical and sanitary science will be discussed, will be of paramount significance, particularly since this is the first time that the Congress will be held in this tions country.

Besides the Executive Committee itself, sub-committees on Science and Publication, Entertainment and Transportation have already been organized and are busily engaged in making prepara- for this big coming medical event.

Head of Peiping Palace Museum Granted Leave of Absence

The petition of Dr. Ma Heng, Director-General of the Peiping Palace Museum, asking for leave of absence for one month owing to the death of his mother has been sanctioned by the Executive Yuan. During his absence, the affairs of the Museum will be in charge of a deputy designated by Dr. Ma.

China, America and Russia

BY C. Y. W. MENG (孟 憲 彝)

BY THE Treaty of Whampoa, 1844, China opened formal diplomatic relations with America. For 90 years, Sino-American relations have been happily existing without any interruption. By the Treaty of Nerchinsk, 1689, China opened formal diplomatic relations with Russia. This is the first treaty China ever signed with the western powers, which put both nations on an equal footing. That is to say, the opening of diplomatic relations with our neighboring powers bordering on the Pacific really dated back several centuries.

It may be stated that for 16 years America was the only country in the world which did not accord diplomatic recognition to Russia, and this was generally regarded to indicate the animosity existing between them. The opinions of the observers is that, being a "capitalist" nation, America could never readjust their relations with Russia, a socialist-communist nation. But a closer study of Russo-American relations would reveal to us that the Russo-American relations were very cordial not only from the beginning, but also even after the severence of diplomatic relations.

Russo-American Relations Related

It is recalled that right after the Declaration of Independence, when Great Britain still maintained a hostile attitude towards the Americans, and when the new nation could hardly hold the respect of other powers, and when Great Britain was doing all it could to prevent any other power from giving any assistance to the Americans, Russia was the only country which was brave enough to break the silence, and under Empress Catherine the Great, Russia issued the famous statement on "armed neutrality," declaring that the freedom of the seas should be guaranteed. The Russian timely utterance is always remembered by the Americans as very friendly and timely assistance.

Coming to the 19th century, due to the "slavery question," a bloody civil war was fought in America from 1861-5. By that time both Great Britain and France were intending to accord a *de facto* recognition to the "southern" government, a rebel government. Russia was the the only power which stood for the Northern Government. The despatch of squadrons under the command of Commander Popoff to San Francisco, and another under Commander Lessoffsky to New York intimated that should Great Britain and France interfere and participate in the American civil warfare, Russia would do her best to give some assistance to the Northern Government. After the civil war was over, when the Northern Government was still in power, the whole American nation felt grateful for Russian assistance. Some high officials were sent to St. Petersburg to thank the then Russian ruler for the timely aid.

The sale of Alsaka by Russia and the purchase of Alaska by America in 1867 is another instance for which the Americans feel grateful to the Russians. After the purchase, the Americans discovered gold underground which, at once repaid the price of the purchase (G.$7,200,000).

America Recognizes Provisional Kerensky Government

America was also the first country which actually accorded diplomatic recognition to the Russian Provisional Government after the "Revolution" in March 1917. Not only this, the Americans were willing to lend money to the Russians. The Siberian intervention and the pressure exerted by the Americans at the Washington Conference to bear upon the Japanese to withdraw the troops from the Russian territory after many refusals, the appropriation of a huge sum from the American treasury (G.$66,000,000) for the famine relief work in Russia, President Harding's appeal to the American public for aid to help the Russian sufferers, the invitation extended by the Americans to Russia to participate in and affix their signature on the Anti-War Pact in 1928, were a few of the many instances which show quite clearly the "traditional and long historical friendly relations" which have been existing between Russia and America, both previous and after the severence of diplomatic relations.

The severence of diplomatic relations between Russia and America was nominal rather than real. In fact, the Russo-American trade had been going as usual; of course, this was entirely due to the "connivance" or the "implied consent" from the American Government. President Coolidge, in his message to Congress, expressly said that the Government would not interfere with the trade between the American people and the Soviets. To speak of American investment in Russia alone, it amounts to no less than G.$500,000,000—about 23% of the total foreign investment in Russia, second only to England (28%) . Besides supplying the Russians with capital, the Americans also supply the Russians with machinery, agricultural, industrial and electrical equipment and also "experts."

America's Past Russian Policy Stated

The above is sufficient to show the traditional and long existing friendly relations and friendly feeling existing between Russia and America; and that such friendly relations were not in any way being impaired through a change of the form of political system in Russia and through the severence of the nominal diplomatic relations; and that the American policy towards Russia before the recent restoration of diplomatic relations was essentially "to maintain the the traditional and historical friendly relations by allowing the Americans to go on to trade with the Russians." So one can easily see that there was really not a wide gap between Russia and America, as usually believed; and that whenever both countries desired the restoration of diplomatic relations, it could come about at once. The Americans could easily discard the 16 year non-recognition policy and disregard all about the many "fears" about the communist activities, and resume friendwith Russia. It is equally easy to see that there is great room and ample possibility for the "Almighty Dollar" and the "Northern Bear" to cultivate better friendship with each after the restoration, and to crystalize their long historical relations and friendly feelings into some definite conclusion for the benefit of both.

Sino-Russian Relations Related

Turning to Sino-Russian relations, we find they are just as long and historical and cordial as those between Russia and America. Russia was the first western power with whom China had opened diplomatic relations; Russia was the first country with whom China signed the first treaty—the Treaty of Nerchinsk; Russia was the first western power with whom China entered into a "secret alliance" in 1898; Russia was the first country which voluntarily surrendered all its "special rights" in China.

Then, we have a situation somewhat as follows: Here are three powers—China, America and Russia—all bordering the Pacific, whose great interest as well as deep concern in the Far Eastern affairs goes without saying. As stated before, there is a great room and ample possibility for Americans and Russians to cultivate better friendship and closer "co-operation" in the future, after the restoration of diplomatic relations. The same is also true of China and Russia. Out of two neighbors near to China, Russia is comparatively more friendly to China than the other. So it is only natural that both from the standpoint of national existence and the maintencnce of peace in the Far East, China should either make friends with both of her neighbors, or make friends with the one that is more friendly to China and to discourage the one which is more aggressive towards China. But the former alternative might be somewhat hard to attain owing to the aggressive attitude adopted by the neighbor. China, of course, should not make enemies of both.

Blunders Committed

Unfortunately, these powers committed many blunders themselves in the past. First came the Russian blunder in cherishing the idea of, and agitating for, a world revolution, and in starting communist activities in America by organizing the Young Workers League, All American Anti-Imperial League, International Labor Defence, America Negro Labor Congress, International Workers Aid, etc., thus causing the rupture of the Russo-American diplomatic relations. Though the long historical friendship and friendly feeling might not be impaited, the severence of diplomatic relations, nevertheless, did prevent the two countries from further cultivating better friendship and working together in the spirit of "co-operation" for the benefit of both in the time of emergency.

Second came the Chinese blunder in not making friends with the one more friendly to China out of two neighbors, but in making an enemy of both her neighbors. Japan has always been unfriendly and aggressive to China, of which China is fully aware. But at the same time, China also broke off her diplomatic relations with Russia, and even fought with her on the border of Manchuli. Thus China put herself the in position being surrounded by "enemies." The hopeless situation in which China has now been placed is really being created by China herself; and such situation certainly encouraged the aggressors to start the invasion on September 18, 1931. Had China been far-sighted enough, and had not taken such a step towards Russia, we do not like to say that the invasion would not have broken out on September 18, 1931, though the invasion might have broken out sometime later.

Third came the American blunder in being so "disinterested" in the Far Eastern situation under past Administrations; and in not knowing that both China and Russia, being under Revolution, were too busy with the task of readjusting themselves to their internal conditions to have any time to deal with diplomatic problems, and that the task to save the Far Eastern situation rests more on American shoulders than on the Chinese or Russians; and in not taking some definite actions to "nip the Japanese aggression in bud"; and in not being far-sighted enough to save the situation in the Far East before it was hopeless to do anything.

Blunders Realized

After many failures in agitating for world revolution, the Russians abandoned their past policy of agitation, and embarked on a policy of seeking for recognition from the foreign powers through

diplomacy. They were quite successful. The recognition from Great Britain, France and Italy came in rapid succession. A change in the Russian policy necessarily involved a change of the American policy about the Russian recognition. First came Borah's speech in the Senate that the recognition of Russia and the restoration of trade had "direct connection" with the improvement of the economic condition within. Senator Rainey of Illinois said the non-recognition of Russia was an economic crime. Senator Robinson of Arkansas said the recongition of Russia was to "encourage our foreign trade, etc." China, having realized her short-sightedness, had also resumed her diplomatic relations with Russia.

But the blunders committed by the powers were not so glaringly shown until the Sino-Japanese crisis broke out. China could not turn to Russia for any assistance, as Sino-Russian diplomatic relations were not yet restored. America, after failing in many attempts in seeking for co-operation with Great Britain to save the situation in the Far East, could not turn to Russia for "co-operation"; for the Russo-American diplomatic relations were not yet restored. America was thus being deprived of any companion to take any action, though anxious as she might have been. America alone could do nothing. The whole situation explains why the islanders were so brave and so confident in opening the offensive on Mukden, and occuping the Chinese provinces and establishing an "empire within the Chinese dominion." It was because the then existing situation deprived China of any help from outside; and the then existing situation made both Russia and America unable to do anything in the Far East. So China had to adopt the "non-resistance" policy and to yield to every Japanese demand. Russia had to adopt a rather "weak-kneed" policy and had to go on to talk with Tokyo about the recognition of Manchukuo; and the selling of the Chinese Eastern Railway, etc. America, after the so-called "non-recognition" principle taking no effect, had to keep silent, but go on to talk "peace" and "friendship" with Tokyo.

American Opposition to Japanese Aggression in China and American Anxiety to See Sino-Russian Cooperation

That the Americans do not like to see the Japanese declare their hegemony in Asia goes without saying. History is full of instances to show that the Americans have always been willing to take some actions either in advance or in time to prevent the Japanese from being aggressive. For example: President Wilson's opposition to the Japanese intervention in Russia in 1918; American efforts to force Japan to return Shantung to China; the holding of the Washington Conference on Armament Limitation to obtain 3-5-5 ratio and to effect the withdrawal of the Japanese troops from Russia, etc. These instances, though they might be taken to indicate American desire to protect Chinese and Russian territorial and administrative integrity, are better to be taken to indicate the American intention to "thwart the Japanese aggression." The American action is not without justification. America and Japan are two big powers on the Pacific. If Japan becomes too powerful, America will necessarily be weakened. When Japan took the whole of Manchuria from China, America was of course quite alarmed, and American interests in China were necessarily impaired. That explained why the American opposition toward Japanese aggression in China was bitter. About half a million Americans had affixed their signatures on a petition to Congress demanding the enforcement of a boycott against the Japanese goods. An "American Boycott Association" was organized and a long manifesto issued. More than 600 American women had also jointly signed a petition addressed to President Hoover and Secretary Stimson. The anti-Japanese boycott movement was then in full swing. Dr. Lowell, President of Harvard University, General Newton D. Baker, former Minister of War, also took part. At the same time, the Washington officials even openly condemned the Japanese action in China.

But, as stated before, American opposition against the Japanese, strong as it might be, could go no further. The American opinion was rather first to see the Sino-Russian action before committing any action herself; the American desire was rather first to see the early restoration of Sino-Russian diplomatic relations, before taking the same action in the same direction herself.

Recognition of Russia—Its Significance

The restoration of Sino-Russian diplomatic relations December 12, 1932, though too late, was viewed by the American observers as a "great blow" to Japan; as an indication that Moscow was "not standing still to see the Japanese come over to the mainland of Asia," Some opined that the restoration though it might not serve as a "punishment" for Japanese aggression in China, would at least "thwart the Japanese further action." But the consensus of the American opinions was to urge the American Government to resume diplomatic relations with Russia—which eventually took place the following year.

The Sino-Russian and Russo-American restoration of diplomatic relations meant, of course, the isolation of Japan. But it had other meanings as well. It meant also that the Japanese doctrine,—"downing the Soviets" would please everybody and would have the sympathy of the world, more particularly from America,—was not true. The Japanese attempt "down with the communists" would not enlist any assistance, moral nor material, from the Americans. On the contrary, as Radek, a communist leader, put it, if the Japanese

(*Continued on Page* 481)

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Thirty Soviet Citizens Arrested as Murder Plot Suspects

An official report was published in Harbin August 13 giving an account of the discovery of an alleged plot by Soviet citizens to conduct a wholesale murder of Japanese and "Manchukuo" officials. The discovery, according to the report, was made following the murder of a Russian watchman employed by the Japanese military mission at Suifenho, about 25 miles east of Harbin on the Siberian border. The persons alleged to have been selected for assassination were the chief of the Japanese military mission, the chief of the Japanese gendarmerie, all important "Manchukuo" government officials, and the superintendents of the C.E.R. police at Suifenho. More than 30 Soviet citizens, it is added, have been arrested in connection with the alleged plot. The Japanese military authorities also claim to possess documents proving that the Soviet military headquarters at Habarovsk instructed Chinese bandits operating in the vicinity of Imienpo to wreck all C.E.R. trains.

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More Soviet Submarines for Vladivostok

A recent *Dempo Tsushin* telegram from Hsinking stated that Soviet Russia is planning to expand the Amur Squadron. It consists of 25 ships, of which ten are 1,000-ton warships of the latest type. It is also provided with two small aircraft carriers. The base of this squadron is located at Osipofsky, about 21 kilometres on the lower reaches of the river from Habarovsk. At a place further down is built a large shipyard, with power from Gorigonsk. This shipyard has started operations already. At this shipyard as at the Vladivostok yard, the construction of submarines is going on briskly. As soon as new submarines are completed, they are taken to Vladivostok to join the Far Eastern Squadron.

Reported Grand Far Eastern Maneuvers Are Japanese Fabrication, Soviets Say

Tass states that it has been authorized to emphatically deny, as an idle fabrication, the report of the Japanese newspaper *Osaka Mainichi*, regarding the allegedly forthcoming "grandiose maneuvers of land and air forces of the Red Army" in the Far East, which are supposed to last from August to November of the current year.

Moscow on July 6 celebrated the eleventh anniversary of the Institution Day of the Union of Soviet Socialist Republics. Numerors open-air speeches were made all over the country vaunting the "invincible military and economic might of the peoples of the Soviet Union," while in the world outside there was "chaos, instability and the uncertainty regarding the morrow."

A marauding Mongol-Soviet cavalry detachment August 11 captured three Japanese, one Russian and four Chinese in the vicinity of Lake Dailanoir, 23 miles south of Manchuli. In view of the prevailing war scare, this news caused consternation among the Russian emigres in Suifenho, many of whom have started evacuating with their wives and children to the west.

The *Tokyo Nichi Nichi* says that Japan will shortly issue a warning to Soviet Russia concerning the many provocative acts which said country allegedly has been indulging in recently.

The total turnover of foreign trade of the USSR during May amounted to 54,863,000 roubles against 45,635,000 roubles in April, according to the figures of the Instituto of Foreign Trade. This increase took place both in exports and imports.

A huge paper combinat is to be built in Krasnoyarsk, Siberia, It is scheduled to produce annually 26,000 tons of newsprint, 36,000 tons of stationery, and 4,000 tons of cardboard for East Siberia, the Far East, and Central Asia.

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M. Karakhan Heads Soviet Delegation at Mongolian Republic Celebration

The celebration of the tenth anniversary of the independence of the Mongolian Republic at Outer Mongolia's capital, now called Ulanbator, formerly Urga, was held July 10 to 12. The Soviet Government was represented by a delegation headed by Leo M. Karakhan, former Ambassador to Peiping, then chief of the Far Eastern division, and now Ambassador-Designate to Turkey. Writing in the *New York Times* July 17, Watter Duranty said M. Karakhan's visit cements the ties between Outer Mongolia and Soviet Russia, which are particularly important in view of the Japanese penetration of Inner Mongolia, which still is nominally under Chinese sovereignty. The Japanese Ambassador to Washington, Hiroshi Saito, said two months ago that if the national leaders of Inner Mongolia asked Japan's assistance in the formation of an independent State it probably would be given and the new State would be federated with Manchuria. This would mean that Inner Mongolia would become to Japan what Outer Mongolia is to Soviet Russia.

C. E. R. Sale Negotiations Definitely Deadlocked

The Soviet-Manchukuo negotiations for transfer of the Chinese Eastern Railway to Manchukuo came to another deadlock August 11 when the Soviet delegation rejected the compromise plan offered by K. Hirota, Japanese Foreign Minister, who is acting as mediator. The Manchukuo delegation decided to reject the Soviet offer.

The attitude of the Manchukuo delegation was outlined as follows:

1. The present Soviet proposal is identical with one rejected by Manchukuo two weeks ago.

2. Manchukuo, while prepared to accept the compromise proposed by Mr. Hirota, can make no further concession.

3. The Manchukuo delegate doubts if the Soviet Government really intends to sell the railway to Manchukuo.

4. Unless the Soviet delegation displays greater "sincerity," the Manchukuo delegation will return to its original proposal regarding purchase of the railway.

Negotiations for the transfer of the C.E.R. from Soviet to Manchukuo ownership reached a definite deadlock at Tokyo, Aug. 13 after an unsuccessful two-hour conference held between Chuichi Ohashi, Vice-Minister of Foreign Affairs of Manchukuo, and Constantin C. Yureneff, Soviet Ambassador to Japan. A complete breakdown of the conference occurred. Mr. Ohashi, who is concurrently chief delegate to the negotiations, departed from Tokyo for Changchun August 14. The Manchukuo delegation received orders to return to Manchukuo.

Meanwhile, the Manchukuo Government has given an assurance that the present situation will not affect other questions pending between Manchukuo and Soviet Russia.

A spokesman of the Foreign Office, in a statement issued in Changchun August 13 said that the C.E.R. negotiations had now proceeded for fourteen months. Throughout, he added, the Soviet delegates had showed lack of sincerity, while the new state, on top of accepting the Hirota plan for the sake of Far Eastern peace and at great sacrifice, had done everything possible to bring the negotiations to a successful conclusion.

How Japanese Impede Operation of C.E.R.

Further allegations that Japanese officials were impeding operation of the Chinese Eastern Railway, were made in reports received from Habarovsk, August 17. The allegations are made by M. Rudy, general manager of the Chinese Eastern Railway, who asserts that the Japanese authorities have alienated a zone of the C.E.R. in the area of Pogranitchnaya into which entrance, excepting along a narrow strip of the railway, is forbidden under pain of strict punishment. M. Rudy declares that, as a result of this high-handed action by the Japanese, C.E.R. agents are unable to supervise in the alienated zone in order to make necessary repairs.

Mr. Rudy's report showed that from January 1 to August 6, 1934, sixteen railway accidents were caused by bandits, 41 cases of damage done to the railway system were reported, 91 armed attacks on trains, 116 railway servants were taken prisoner, nine cases of damage to telephone and telegraph lines, 46 murders (nine being railway officials), 102 woundings, 42 robber attacks and 22 cases of incendiarism. Several locomotives and 207 carriages were destroyed. The material damage exceeded 300,000 Gold Roubles. Every time before a train was sent off, the railway line had to be scrutinized. Trains are run only by day. These precautionary measures cost the administration many hundreds of thousands of gold roubles. Furthermore all passenger trains are now always accompanied by armored cars.

Mr. Rudy has requested the Board of the Railway to take into consideration the grave situation existing on the Eastern line and menacing the safety of trains traffic, and to adopt practical measures which would guarantee the safety of exploitation of the Eastern line, and the safety of railway structures, properties and lives of the agents of the railway.

A Foreign Office spokesman in Tokyo, August 13 categorically denied the Soviet press allegation that Japanese newspapers were making a drive against Soviet Russia.

The increased tension in Russo-Japanese relations, caused by Russia's rejetion of the Japanese compromise offer for the purchase, by Manchukuo, of the Chinese Eastern Railway, was reflected in the Russian press which published sharply worded articles in which numerous acts of banditry, committed on the Chinese Eastern Railway, play prominent part. The papers insinuate that "Japan is responsible for the banditry" and speak in this connection of the Japanese blackmailing tactics. The papers seek to prepare the public for the forthcoming forcible seizure of the railway by Japan and declare that Russia will not tolerate such an act of violence.

Emphasizing that the U.S.S.R. had proposed to sell the C.E.R., considering this a means to ease the situation in the Far East, *Izvestia* said that those Japanese groups which would like to buy the railway for next to nothing, as well as those who would wish to get it free, do not hesitate in their choice of means to attain their aims. The

pressure on the U.S.S.R. expressed in provocations on the C.E.R., forms one of such means used at all important stages of the Tokyo negotiations. "The organizers of these anti-Soviet campaigns must remember," writes the newspaper, "that extreme elements in their midst, especially those active on the territory of Manchuria, will utilize campaigns of this kind for the preparation of war,"

The report by Mr. Rudy, Soviet Manager of the Chinese Eastern Railway published in Moscow August 12 detailing the great material losses and the losses of human lives on the Railway during the past year impelled *Izvestia* to comment: "Japanese-Manchurian circles in trying to wrest a few millions of dollars from the railroad would not hesitate endangering the Soviet-Japanese relations." An editorial by the *Pravda* comments: "Certain Japanese circles utilizing the fact that the actual power in Manchuria lodges in their hands are doing their utmost to ruin the C.E.R. and starve it out, while the Japanese press is creating and preparing public opinion for the forcible seizure of the line."

The London *News-Chronicle* August 13 commented that there is no doubt but that Japan is seeking a quarrel in the Far East, adding. "If peace in the Far East is imperilled it is certainly not the fault of the U.S.S.R. The manner in which Japan led up to negotiations for the purchase of the Chinese Eastern Railway leaves no doubt of this fact. It is known that the influential portion of Japanese opinion favors a preventative war, the paper continued. Furthermore in 'Manchukuo' it is easy to see that the successive limitations imposed by Japan on the Russian Railway Administration are of a deliberate and provocative nature."

Japanese Militarists Irked by Soviet "Provocations"

The *Japanese Military Information Service* at Tientsin Aug. 10 commented as follows:—According to well-informed circles, the reason why the Soviet authorities have started to take such a provocative attitude towards Japan and Manchukuo, is the result of Soviet ignorance of Japan, and in the meantime she might have thought that her military preparations are now almost completed and strong enough to fight against Japan, in accordance with her Five Year-Plan, as well as the accomplishment of Non-Aggression Pacts and other similar agreements signed between Soviet Russia and other European countries, by which the westen border of Soviet Russia seems to have been guaranteed. So far, Japan and Manchuria have been adopting a lenient attitude towards this Soviet propaganda and provocative attitude, but it is believed that some serious steps are now being considered by the Japanese authorities to cope with the situation, and that any further acts of a similar nature on the part of the Soviets will be severely dealt with."

Serious difficulties lie in the path of the 1935 naval armament limitation conference in the opinion of Premier Keisuke Okada of Japan. "Great Britain and the United States still have the problem of whether they will have large or small ships to solve, while Italy and France will want their security guaranteed in exchange for a decrease in their naval forces," he told Japanese newspapermen in arecent interview. "And there are Japan's contentions, too," he added. The Premier declined to state what he thought would be the outcome of the conference.

The view that reduction in naval armaments must begin with the nations most heavily armed, expressed by Premier Keisuke Okada in has first joint interview with foreign newspaper correspondents on July 31, is upheld by Admiral Osumi, Minister of the Navy. Expressing himself as being in full accord with the Premier on naval questions, the Navy Minister August 10 vigorously scored the principle of naval ratios in disarmament as "illogical."

Prince Fumimaro Konoye, president of the Japanese House of Peers, told newspapemen in Tokyo Aug. 6 that Japan's claims for autonomy in naval matters are "misunderstood" by the American people, who find them unreasonable. "I believe that the Minister of the Navy and other naval officers should make efforts to explain to the American people that what Japan wants is not 'parity,' but 'autonomy'!" Prince Konoye said. He suggested that naval attaches stationed abroad should be instructed to take the necessary steps to make this point clear.

France's military expenditure since January, 1928, totalled upward of 102,000,000,000 francs, or an average of 14,600,000 francs a year, according to a propaganda poster published in Paris August 11 by the Socialist Party, which gives a survey of the enormous costs of France's "military preparedness."

Kuomintang Comes to Aid of Dismissed Employees

The local branch of the Kuomintang has ordered the managers of the Sung Tuck weaving factory to reinstate 17 female employees recently dismissed. The alternative is that the retiring workers must be paid a gratuity according to the Factory Law.

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Head of "Pearl Buck" Filming Party Commits Suicide in Hollywood

George Hill, famous motion picture director of Metro-Goldwyn-Mayer Company, committed suicide in Hollywood by shooting himself in the head with a pistol Aug. 11. Mr. Hill was at the head of the party which filmed Pearl Buck's "Good Earth," in China several months ago.

William S. Vare, one-time "Tsar" of Philadephia and head of the strongest political machine in Pennsylvania's history, died in Atlantic City Aug. 7 following a long illness. He generally was credited with starting the stampede which led to the presidential nomination of Herbert Hoover. Congressman Vare toured China with an American Congressional party in 1919 and while here his daughter, a member of the party, caught cold while climbing Mt. Taishan in Shantung and later died in Peiping.

An order was issued August 9 by General Hugh Johnson, head of the National Recovery Administration, by which all employers in towns with a population not exceeding 2,500, who hitherto have been subject to various retail service codes, are henceforth not required to obey provisions for fixed maximum hours of work, minimum wages or prices.

Hearings concerning the activities of the Silver Shirts in the United States were completed at Los Angeles August 8. Several avowedly Communist witnesses were called. They testified that they sought control of the United States Government through orderly processes. "We do not intend to use force," one of the chief witnesses said, "except against capitalists who themselves would go to any extremes to perpetuate the spoils system."

Henry A. Wallace, Secretary of Agriculture, announced August 8 that the Administration will not sacrifice agriculture to aid industry in concluding reciprocal trade agreements with foreign countries.

As the result of drought, crop control and insects, the wheat crop in the United States is the smallest in 30 years.

Jewish and Chinese Funeral Expenses Commented on by New York Lawyer

Sidney U. Hirsh, a New York lawyer with offices at 545 Fifth Avenue, writes to the *Review* stating that the *New York Times* had commented on an article by Paul K. Whang citing the enormous amounts of money expended on marriages and funerals as one of the causes of poverty among the Chinese. Mr. Hirsh, recalling that the Jewish people have had similar experiences in their past history, says, "It is interesting to note that until comparatively recent times a Jewish funeral was distinguished by its simplicity, with no embalming nor other expensive and bizarre accountrements of interment. Only in recent years has the so-called reform or modern element of the Jews copied the Gentile fashion of elaborate funerals."

Dr. Y. S. Tsao Calls Attention to Shanghai's Lack of Culture

In a talk on "International Cultural Relations" before members of the Rotary Club at their weekly tiffin meeting at the Metropole Hotel in Shanghai last week, Dr. Y. S. Tsao said, "The city is lacking in culture. There is no adequate library. There is no adequate museum. There is no cultural foundation here in this cosmopolitan city which boasts three and a half million people. The best of Chinese art can be found only in private homes or exhibitions. There is no reason why this cultural deadlock should continue. I hope that the various organizations in Shanghai will make a sincere effort to better conditions and this certainly can be done with international cooperation." Dr. Tsao is a former president of Tsinghua College and is now chairman of the Institute of Scientific Management.

City Government to Build Model Houses for the Poor

In order to ameliorate the living conditions of the multitude of poor people living in Shanghai, the City Government of the Greater Shanghai Municipality is planning to raise a sum of $1,000,000 for the construction of 3,000 modern dwelling houses in the various parts of the Municipality, such as Pootung, Kiangwan, Chapei and Nantao for their accomodation. According to O. K. Yui, Chief Secretary of the City Govrenment, the Municipal Authorities are proceeding with the project and have decided to carry it out within the shortest period possible. The Municipal Bureau of Finance, Mr. Yui said, is devising measures to raise the necessary funds and soliciting the support of the local Chinese banks in the realization of the project.

Revision of Savings Banking Law Urged by Shanghai Bankers

A lengthy petition, urging modification of certain stipulations in the newly-promulgated Savings Banking Law has been submitted by the Shanghai Bankers' Association to the Executive and Legislative Yuans and the Ministry of Finance.

In the interests of the Savings Banks and the depositors, the petition requests the immediate abolition of Articles 5 and 8, and Section 4 of Article 15 of the Savings Banking Law, and the revision of Article 15.

Turning to the provision in the Savings Banking Law that a certain portion of the deposits of Savings Banks should be invested in rural rehabilitation, the petition points out that this is not only detrimental to the interests of the Banks themselves but also to those of the depositors. Firstly, banks are not accustomed to investment in rural enterprises. Secondly, the rural districts are not well organized, and while some rural cooperative societies are noted for their strong credit, many others are both deficient in organization and credit.

The Bankers' Association also asks whether the Savings Banking Law is applicable to Chinese Savings Banks and Foreign-Operated Savings Banks alike. If it is applicable only to Chinese-owned banks, the result will be the gradual and inevitable shrinking of their business in favor of the foreign-owned banks which are free from the restrictions of the Law. As a matter of fairness, it is therefore urged that a set of detailed Regulations governing the enforcement of the Savings Banks Law be enacted, and the date for the enforcement of the present Law postponed as far as possible so that existing Savings Banks may be able to make the necessary readjustments.

America Has Favorable Trade Balance With Manchuria

Henry W. Kinney, American propagandist employed by the Japanese-controlled South Manchurian railway, has prepared a statement with the object of showing that the numerous charges to the effect that the "Open Door" in Manchuria has been closed, are not borne out by trade figures, The results, he says, will show that the countries, the nationals of which have been complaining the most, are the very ones which enjoy the most favorable trade balance. The United States, from which come usually the most bitter comments on the trade situation, enjoys a trade balance far more favorable than that attained by Japan.

The totals of Manchukuo's foreign trade for the first four months of 1934, recently issued by the Finance Department of the Manchukuo Government, are as follows:

	Exports	*Imports*	*Total*
Japan	68,146,913	96,123,213	164,270,126
Korea	12,712,052	8,141,668	20,853,720
China	17,048,205	25,135,964	42,184,169
Russia	8,736,523	3,012,497	11,749,020
Hongkong	2,332,608	2,908,088	5,240,696
British India	185,132	5,906,372	6,091,504
Netherlands India	2,110,319	230,654	2,340,973
Great Britain	1,940,482	2,093,491	4,033,973
France	724,517	206,512	931,029
Germany	27,617,682	2,931,429	30,549,111
Belgium	92,003	351,097	443,100
Netherlands	1,588,298	47,949	1,636,247
Italy	694,887	246,108	940,995
U. S. of America	2,061,876	11,189,117	13,250,993
Other Countries	20,196,810	6,860,477	27,057,287

Mr. Kinney's argument is that the Anglo-Saxon countries have been especially fortunate in the case of Manchukuo, as they have sold far more to that country than they have bought. The case of the United States he claims is a particularly striking one, as that country has sold five times as much as it has bought, being in this respect by far the most favored country, even when compared with Japan, which has a favorable trade balance with Manchukuo of only 10 to 1 as against that for the United States of 5 to 1.

It is claimed that quite a large volume of goods listed under the total for Japan are, as a matter of fact, foreign goods, especially American, which have been trans-shipped from Japan or which have been sold by Japanese firms, while in some cases parts have been imported from abroad and have been assembled or incorporated into articles which have then been sold by Japan in Manchuria, thus appearing in the customs figures quoted as Japanese goods.

Revision of American and British Treaties Is Delayed

A recent Nanking message to the *Sin Wen Pao* stated that negotiations for the revision of the existing Sino-American and Sino-British treaties which expire shortly have come to a deadlock as the Chinese Government has not received any reply from either of the two governments regarding its Note delivered some time ago. According to information from diplomatic sources the matter is still under consideration by the two govrenments concerned and some time will be required before actual negotiations can begin.

Chungking-Yunnan Air Line Opening Is Delayed

In connection with the recent decision of the Nanking Government that an air line should be established between Chungking and Yunnanfu it is learned that the contemplated route cannot be established until some time late this year. The China Aviation Company has ordered four new passenger planes from the United States and these have not yet arrived. Besides the Company has to devise measures to raise another $300,000 to make the establishment of the new route possible, it is stated.

Preparations for the operation of the aerial service on the projected Chungking (Szechuan) Yunnanfu (Yunnan) Airway are nearing completion, according to Dr. Chu Chia-hua, Minister of Communications. He stated that the initial expenses have been fixed at $300,000, and will be provided by the Ministry.

With a view to making China air-minded a commission of eleven persons headed by Chen Cheng-lung left Shanghai August 7 on an extensive tour throughout the country on foot to give street lectures on the necessity of developing aviation.

Although it was feared at first that scientific results of the recent balloon ascent into the stratosphere by Captain Albert Stevens had been frustrated because of the damage sustained by the instruments in the crash of the nacelle, it was announced in Washington, August 5 that the expedition had achieved considerable scientific results. It is learned in particular that photographs of cosmic rays, taken at an altitude of 55,000 feet, came out perfectly.

Mrs. Frances Marsalis, coholder with Mrs. Thaden of the women's endurance flight record, was killed in Dayton, Ohio, Aug. 6, when the plane she was piloting crashed during a flying display. Mrs. Marsalis and Mrs. Thaden landed at Curtis Field, New York, on August 22, 1932, after having been aloft for 196 hours during which they set up a new women's endurance record. The previous record had been 122 hours and 52 minutes.

The United States Navy has developed a seaplane capable of flying hundreds of miles at tremendous speed to be ultillzed both as combat and bombing plane, able to locate and bomb enemy fleets and battle in the air on even terms with the pursuit ships of other powers. The Navy Department already has 23 seaplanes of the new type under construction, while 23 existing flying boats will be remodelled.

Flying Officer George R. Murphy shot himself with his own revolver at Hongkong August 9.

Five army flying officers were seriously injured August 2 when a heavy bomber belonging to the Hamamatsu Aviation Regiment developed engine trouble during a practice flight and crashed near the village of Sekishi in Hamana, Shizuoka Prefecture. The fliers included Lieutenant Kaneshige, observer, and Sergeant Maekawa, pilot. After receiving first aid on the spot they were taken to a hospital in the neighborhood.

Captain Mitsuhiko Okamura, instructor of the Tokorozawa Army Flying School was killed July 31 when his combat plane crashed in a forest near Shimizu Village, Ashigara, Kanagawa Prefecture, and immediately caught fire. At first the machine was not recognized, and Captain Okamura's identity was not established for several hours.

The Italian Air Ministry has granted 1,200,000,000 lire for "the renovation of the flying equipment and creation of an aviation resserve" while the Naval Ministry at the same time has been provided with 354,000,000 lire additional credit.

M. Crouzinet, builder of the world-famed airplane *Rainbow*, announced August 5 that he is forced to close down his factory. It is reported that French Air Minister, Denain, will personally check the causes of the threatening bankruptcy of the Crouzinet works in the attempt to provide, if necessary, Government aid to enable the continuation of production.

McLure Robbery Case Comes Up Again in Appeal by French Police

The recent decision of the Frenchtown Chinese court to acquit four young Chinese members of wealthy Shanghai families of charges in connection with the resent daring $12,000 robbery on June 9 of Seth, Mancell and McLure at 9 Avenue Edward VII, came up appeal by the French Concession Police in the Third Branch Kiangsu High Court August 10. Summoned to the box, Chang Tsou-ming, one of those who previously admitted having taken part in the robbery, said that he was at Kiangwan Race Course on the day of the robbery. He asserted that he had made his admissions at the police station under the threat of torture and claimed that they were not true. Other witnesses, including Chow Ching-keng, compradore of Seth, Mancell and McLure, chartered accountants, were also quizzed. Among them was one Kao Yu-shu, an employee of Chow's office, who during the session identified Chang Tsou-ming and two others as having visited his office and robbed him and others of $12,000 in cash. A host of Chinese lawyers appearing on behalf of the accused then requested the court to question other witnesses, but the court ruled that they be summoned at a separate session.

In the United States Court for China

In re.
Last Will & Testament
of
THOMAS COTTON
BRITTON, JR.,
Deceased

Cause No. 3698
Special Proceedings No. 982
NOTICE
Filed at Shanghai, China, July 26, 1934.
William T. Collins, Cerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of THOMAS COTTON BRITTON, JR., deceased, to present the same with vouchers to the undersigned on or before February 4, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

RAVEN TRUST COMPANY,

Shanghai, China.

In the United States Court for China

In re.
Estate
of
EMILY WOOD
FEARON
Deceased

Cause No. 3711
Special Proceedings No. 986
NOTICE
Filed August 9, 1934.
William T. Collins, Clerk.
L. T. Kenake, Asst clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of EMILY WOOD FEARON, deceased, to present the same with vouchers to the undersigned on or before February 18, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

C. R. BURKILL,
20 Canton Road.

Shanghai, China.

Many Chinese Students Proceed to Colleges in United States

The following is a list of the students (prepared by the World's Chinese Students Federation) who sailed for the United States by the s.s. *President Hoover* August 14 to attend various educational institutions in the United States. The students were entertained at the New Asia Hotel Aug. 12 at a gathering at which Moyor Wu Teh-chen presided. Addresses were make by Dr. W. W. Yen, Chinese Ambassador to Moscow, Dr. J. Usang Ly, president of the Chiaotung University, and Pan Kung-tsuan, commissioner of Education of Greater Shanghai.

Name	University in America	Course of Study
Bang Chi-shing	Michigan	Pollitical Science
Chan Tze-chiao	Michigan	Civil Engineering
Chan Wei-kiao	M. I. T.	Hydroelectric & Radio
Chang Mo-tan	Michigan	Metallurgy Engineering
Chang Tsun-tsing	M. I. T.	Electrical Engineering
Chen Chao	Cornell	Structure
Chen Shu-vain	Michigan	Chemistry
Cheng Chao-chien	Cornell	Electrical Engineering
Cheng Che-yu	Standford	Liberal Arts
Chow Chernen	New York	Business Administration
Chow Chin-tsing	Michigan	Chemical Engineering
Chu Ching-yu	Michigan	Civil Engineering
Chu Lan-fang	M. I. T.	Electrical Engineering
Fang Ssu-main	Harvard	Business Administration
Fei Foo-shu	Michigan	Civil Engineering
Hao Leighton I.	Iowa	Dairy Industry
How Loo-yuin	Columbia	Music Education
Hsu Yi	Columbia	History
Hu Henry Y. C.	New York	Law
Hu Kuan	Michigan	Civil Engineering
Huang Wen-hsi	Michigan	Hydraulic Engineering
Hwang Yen-K'ong	Cornell	Civil Engineering
Kao Chain	Michigan	Automotive Engineering & Railway Engineering
Koo Ching-tseng	Purdue	Electrical Engineering
Ku Kong-gyin	Colorado	Applied Geophysics
Lauh Ts-sung	Columbia	Banking
Lee Yih-shangh	Harvard	Corporation Admiaistration
Lee Ching-hwa	Cornell	Electrial Engineering
Lei Tso-wen	Colorado	Coal Mining
Liang Chuan-yu	Northeastern	Law
Ling Lee	Minesota	Plant Pathology
Ling Ching-ying	Cornell	Hydrulic Engineering
Ling Chao-lin	New York	Law
Liu Vincent Huan-tseng	Michigan	Economics
Liu Ang-tseng	Michigan	Highway & Municipal Administration
Lo Shih-ching	Michigan	Civil Engineering
Lo Chih-yu	Harvard	Economics & Statistics
Loi Chen-wing	Michigan Cornell	Structual & Electrical Engineering
Luh Chin-jen	Ohio	Antomology
Pei Si-hung	Columbia	Accountancy & Statistics
Peng Chuan-then	Pennsylvania	Chemistry
Pong Pun-fong	Michigan	Economics
Shen Kya-si	Columbia	Civil Engineering
Sheng Yu	Michigan	Sociology
Sheo Loh	Iowa	Chemical Engineering
Sheo Piao	Boston	Veterinary Medicine
Sung Hong-kong	Michigan	Chemistry
Yan Lincoln K.	Indiana	Civil Engineering
Tseng Min-chun	Missouri	Law
Tsu Ching-pei	Cornell	Business Administration
Tsu Shih-ping	Illinois	Railway Engineering
Tsu Zao-ning	New York	Business Administration
Tung Chun-ling	Michigan	Banking & Finance
Tang-Jai-tseng	South California	Municipal Administration
Wang Yu-kai	Harvard	Education
Wang Yuan Jaw	Michigan	International Finance and Trading
Kang Kung-chen	Illinois	Traffic of Railway Administration
Woo Z.	Pennsylvania	Railway Administration and Accountancy
Wu George Y. L.	New York	Economics
Yang Daneil Teh-an	Pennsylvania	Law
Yang Percy D.	Lehigh	Commerce
Yang Sheng-shao	Michigan	Metallurgy of Steel
Yin Ti-con	M. I. T.	Civil Engineering
Zee Chen-fong	Curtiss Wright	Hydroelectric & Radio
Zee Pao-ming	Technology	Aeronautics Engineering

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The Aimlessness of Chinese Education

The aimlessness of Chinese education was deplored by Chen Li-fu, member of the C.E . C., in the course of address at the weekly memorial service at National Government House in Nanking August 6.

Ten thousand primary school teachers have registered at the Shanghai Education Bureau applying for jobs as teachers in local educational institutions. The Education Bureau decided to hold an examination of these teachers on August 16.

In pursuance of a resolution adopted by the Executive Yuan, the Ministry of Education, in identic orders to the various Provincial Departments of Education, instructs that employment agencies be established in the Universities and Colleges to assist graduates in finding employment.

Thirty-two private colleges and universities will share in the educational grants, amounting to $720,000, to be appropriated by the Ministry of Education for the current academic year (July 1, 1934 June 30, 1935).

The *China Times* comments :—What the students learn in school does not keep pace with what society wants. When students are graduated they find that what they have learned is of no use. According to recent statistics made by the Ministry of Education, there are 103 universities in China and of this number seventy-five per cent are devoted to literature; only 25 per cent are devoted to the study of practical sciences. Of the Universities where only literature is taught most of the students are studying Political Science and Law and only a small percentage of them are studying Commercial Administration or other subjects along that line. Only three per cent of the students are studying Agriculture and Mining. What can we expect from such kind of education!"

The Peiping *World Daily News* comments :—"It is difficult to see why the teachers of government universities should be denied their back salaries. Moreover, teaching is not a very remunerative profession, most of the teachers being poor and hard-working people. It is unfair that they should be deprived of the just fruits of their labor. We believe that if the Government were really in financial difficulties and unable to provide the 300,000 needed, the teachers would be glad to waive their claims for the sake of the country, but as a matter of fact, this is not true. The money involved is so small that the Government will have no difficulty in raiseing it. A very bad precedent would be created if the teachers allowed the Government to have its way in this connection."

The joint weekly memorial service held at Canton August 6, in Chungshan Memorial Hall was attended by over 2000 government officials and representatives of public bodies. Chow Lu, member of the Southwest Political Council and concurrently chancellor of the Sun Yat-sen University, presided and reported on the University's schemes of development. Mr. Chow stated that during the past two years the University authorities have been pushing forward in carrying cut the 6-year scheme of construction of new premises at Shekpai. According to Mr. Chow, the works which have been completed during the first stage of the scheme include the statue of Dr. Sun Yat-sen, experimental grounds for grains and mulberry tree plantation and silkworm rearing. As most of the new college buildings are ready for occupation, the agriculture, the engineering, and the law faculties will be moved to Shekpai this month.

Real Estate Review by Realty Investment Co.

Plans approved for new buildings on Ningpo Road are the most important in this week's review, and a sign at the beginning of Ningpo Road is also interesting, for it would seem that the rebuilding sale advertised might mean that the busy corner of Ningpo and Szechuen Roads is due for widening. The plans approved on Ningpo Road are for a group of six buildings, to be erected by a Bank between Kiangse and Honan Roads. Another important improvement in this same section is on Szechuen Road just south of Jinkee Road. Five two-story shops are to replace shops that were in bad need of repairs.

In the Northern district on North Chekiang and Haining Roads, plans have been approved for thirteen Chinese shops, and beyond the Settlement on what would be the continuation of North Honan Road, buildings continue to rise, giving evidence of a return of confidence.

Eastern District

Plans have been approved for the following :

Corner of Hailar and Urga Roads : 45 Chinese Hongs and 10 Chinese Hongs.

Off Wuchow Road : Between Yalu and East Yuhang Roads, 4 Chinese bungalows.

Linching Road : South of Ward Road, a group of buildings containing a dining-room, transformer station and a boiler-room.

Off Yangtszepoo Road : East of Lay Road, a work shop.

Western District

Avenue Road between Hardoon and Ferry Roads, a large foreign residence.

Napai Road Extension, south-east of corner of Robsinon and Ferry Roads, 4 Chinese shops and 17 Chinese Hongs.

Penang Road, east of Ferry Road, 3 Chinese houses.

Burkill and Tatung Roads, three one-story shops.

In the French Concession plans have been approved for a new type of amusement to Shanghai, *on Rue Ratard*, between Rue Courbet and Route Lorton, *a* Skating Rink.

Off Route Dupleix, west of Route Magy, 12 one-story Chinese houses.

On Avenue Petain, near the iunction of Route Sieyes, a public garage.

Road Extensions and Widenings

North Chekiang Road, north of Tiendong Road, land surrendered for scheduled widening, in exchange for surplus land.

Yalu and Wuchow Roads, land surrendered on north-west corner for scheduled widening of first-named road.

Hart Road, corner of Changping Road, land surrendered for extension of Hart Road.

Deadlock Is Averted in Japanese-N.E.I. Trade Negotiations

Official circles in Tokyo Aug. 11 expressed themselves as confident that the threatened deadlock in the inter-governmental trade negotiations between Japan and the Netherlands East Indies had been definitely averted following demarches made by Japanese delegates at the Batavia meeting. An impasse was threatened following the sudden imposition of a virtual embargo against Japanese ceramic imports by the Dutch authorities on July 25. The trade conference will continue.

The *Japan Chronicle* comments:—Boycott tactics have unfortunately come to be regarded as part and parcel of inter-government negotiations. Officially the Tokyo Government remains aloof, but if the Japanese press is to be believed, the permanent officials in the Foreign Office and the Department of Commerce are at least giving the boycotts moral support. It was reported the other day that while these officials welcomed the ceramics suspension, they were afraid there would be many violations of the boycott. When, in response, officials of the Guild stated that fines of Yen 500 and upward would be imposed, they felt much 'relief.' It would be interesting if one of the firms fined took the case to court, and forced a judgment on the legality of the boycott."

Reprisals against Great Britain's enforcement of the textiles quota were decided upon at Colombo, Aug. 11. At a meeting of Laborite and Liberal members of Congress, a resolution favoring a boycott of British goods was adopted by an overwhelming majority.

Institute of "Pacific" Relations, Not "International" Relations

The American Council Institute of Pacific Relations has issued a memorandum on the trade of Hongkong in which the significant fact is pointed out that there has been a substantial decline in the imports of textiles—an index of general business conditions in the Colony. Incidentally the *Review* takes the opportunity to state that in the issue of June 23 in reprinting an article by William W. Lockwood, jr., it was erroneously stated that it had been written for the Institute of "International" Relations, it should have been the Institute of *Pacific* Relations.

British Missionary Council Congratulates Chinese Church

A resolution, congratulating the "Chung Hua Sheng Kung Hui, the Church of our Communion in China," on the election and consecration of the first Chinese Diocesan bishop, was passed at the meeting of the Missionary Council of the Church Assembly in London July 11. The diocese of Shensi, to which his bishop has been appointed, is a missionary diocese of the Chinese Church itself, entirely supported by that Church and in no way by foreign.

WHENEVER YOU TRAVEL

Take PINKETTES Too!

The hustle and bustle of travelling, the change of food and climate, often tax the digestive powers, so when packing for a journey always slip a vial of Pinkettes into your bag.

Pinkettes aid digestion, correct constipation, prevent sick headaches, biliousness, liverishness, banish pimples, boils and other facial blemishes, keep the breath pure and sweet. Pinkettes are non-habit-forming and gently assist nature in its work, thus ensuring regularity of the daily habit. Pinkettes, the ideal laxative, are sold by all chemists.

In the United States Court for China

In re.	Cause No. 3716
Last Will & Testament of MABEL SHENGLE Deceased	Special Proceedings No. 987 NOTICE Filed July 26, 1934. William T. Collins, Clerk. by L. T. Kenake, Asst. clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Mabel Shengle, deceased, to present the same with vouchers to the undersigned on or before February 4th, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

GORDON C. NAZER,
c/o Union Insurance Co. of Canton,
26 The Bund.

Shanghai, China,
July 26, 1934.

In the United States Court for China

In re. Estate of ELMER FLOYD COULSTON Deceased	Cause No. 3719 Special Proceedings No. 988 NOTICE Filed at Shanghai, August 2, 1934. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ELMER FLOYD COULSTON, deceased, to present the same with vouchers to the undersigned on or before February 11th, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

LEATHA COULSTON,
Administratrix,
c/o The Shanghai Sanitarium,
150 Rubicom Road,
Shanghai, China.

Shanghai, China.
August 2, 1934.

Government Not to Take Over Yung Chung-ching Mills

The Government has decided not to take over the cotton and flour mills of Yung Chung-ching, the industrial magnate, the Ministry of Industry stated in a dispatch to the Wusih Cotton Mill Owners' Association Aug. 10. Ever since Mr. Yung petitioned the Government for financial assistance in maintaining his mills, the dispatch states, the Ministry of Industry has spared no effort in affording suitable relief with a view to the ultimate rehabilitation of the mills.

Reviewing the various steps taken by the Ministry for the readjustment of the mills, the dispatch points out that in all these efforts, the Ministry has been actuated by the desire and the hope of assisting development of the cotton and flour milling companies. In its investigations, it has endeavored not only to protect the interests of the creditors but also those of the millowners.

With regard to press reports that the Government is contemplanting the purchase of the mills from Mr. Yung, the message emphatically asserted that these reports are mere rumors and are absolutely without foundation.

Ministries to Cooperate to Extend Relief to Silk Merchants

The Ministry of Finance and the Ministry of Industry, has proposed a scheme to be carried out with the co-operation of the Kiangsu and Chekiang Provincial Governments, the Shanghai City Government and private individuals, to institute an organization for pushing the sale of Chinese silk in foreign countries to be established in Shanghai, with branch offices in New York, London and India. The scheme, which has been formulated for the relief of silk dealers in Chekiang and Kiangsu, who have hitherto been suffering from foreign competition, has been submitted to the Executive Yuan for approval.

Chinese Overseas to Develop Kweichow Industry

As a result of the recent visit of Chinese Overseas Inspection Commission, the Chinese overseas have decided to invest their capital in Kweichow for the development of industry in that province. The overseas Chinese have discovered that petroleum wells in the Chungshan District of Kweichow are very useful and they have decided to develop petroleum production with that capital.

The Kwangtung and Kwangsi provincial authorities have drawn up measures for the construction of a railway between Samsui in Kwangtung and Hohsien in Kwangsi for the development of interior Kwangsi. The cost of construction is estimated at $42,000,000, which is to be equally borne by the Kwangtung and Kwangsi Provincial Governments.

The attempt made by the Honan Provincial Government to issue a $10,000,000 provincial loan for the construction of a railway in Hunan has been frustrated by the Central Government, which has ruled that the Hunan authorities have no just reason to raise the new loan on the already impoverished people in that province.

A loan of $240,000 has been secured by the Chekiang Provincial Government from a local banking group, it is announced. The loan agreement was signed at the Bank of China August 7, and the money paid over to the Provincial Government. The loan is to be used exclusively for the purchase of silkworms of a standard species, which will be distritbuted to the various silk centers in Chekiang for breeding.

Due to shortage of freight cars a total of 90,000 tons of cargo has accumulated on the Tientsin-Pukow Railway line, Chao Keng, sectional chief in the Traffic Department of the Railway Administration, reported last week.

Arrangements have been completed for the construction of the Chientang River railway bridge in the Hangchow-Ningpo section of the Shanghai-Hangchow-Ningpo Railway. The funds required for the construction are temporarily fixed at $5,000,000 which is to be equally borne by the Railway Ministry and the Chekiang Provincial Government. Construction will start early in September.

That $200,000 should be appopriated for the dredging of Woosung Creek, which runs through Sungkiang, Kiating, Kunshan and Tsingpoo, was decided on at a recent meeting held at the new Building of the Shanghai City Government by officialss, of the Bureau of Finance, the Bureau of Public Utilities, the Bureau of Public Works, the Chinese Chamber of Commerce and the Shipping Association.

The decision of the Kwangtung Provincial Government to impose a special levy on manufactured articles from other provinces is firmly opposed by the National Industrial Association in Shanghai, in a telegrrm to the South-western Political Affairs Committee.

The Kwangtung Provincial Government has ordered the abolition, as from August this year, of over 230 kinds of exorbitant levies and miscellaneous taxes—which have hitherto yielded $4,815,000 annually, Chu Fang-pu, Provincial Commissioner of Finance, reported in a recent telegram to the Ministry of Finance.

To accelerate the reconstruction work in the North-west the National Economic Council has despatched Messrs. Liu Chih-chih and Wang Shih-mien to the frontier province to assist Chao Lien-feng, Director of the Agricultural Bureau of the N. E. C., in the rehabilitation of the rural districts.

According to figures recently announced by the Foreign Trade Bureau the total import of chewing gum during the first six months this year amounted to $238,855. In June alone $26,348 worth of chewing gum was imported. Most of the gum was consumed in cinemas and theatres. The growth of this trade has been responsible for the establishment of a modern chewing gum factory, now being constructed in Shanghai.

In compliance with the petition of the Chinese Tobacco Merchants' Guilds in Kwangtung, Kwangsi and Fukien, the Internal Revenue Administration of the Ministry of Finance has telegraphed to the Consolidated Tax Bureau for the Kwangtung-Kwangsi-Fukien area to arrange for the cancellation of the proposed imposition of a 10% "National Salvation" levy on Tobacco products by the local governments.

Sixteen Tsingtao match factories have joined as members of a Match Cooperative Society inaugurated Aug. 12.

Last year's iron output in China is stated to be 1,000,194 tons, according to an investigation conducted by the Ministry of Industry.

China Economic Society to Meet at Changsha

The eleventh annual meeting of the China Economic Society will be held at Changsha on August 26, to last seven days. A number of important papers by some of the foremost economists of China will be read. It is expected that both Dr. Sun Fo and Shao Yuan-chung, president and vice-president respectively of the Legislative Yuan, will participate in the meetings.

Opium Control to Be Firmly in Military Hands

It is reported in Peking that from August 4 vendors of opium and makers of cocaine in that city will be apprehended and delivered direct to the Office of the Gendarmerie to be tried and executed, without going through the civil courts.

In pursuance of an order of the National Government, the Military Affairs Commission will be responsible for opium suppression, during the period of bandit-suppression, in ten provinces, namely, Honan, Anhwei, Kiangsi, Hupeh, Kiangsu, Hunan, Chekiang, Fukien, Shensi, and Kansu.

An order has been issued by the Provisional Headquarters of the Military Affairs Commission to the various District Governments in Chekiang province, requiring that reports on the number of opium addicts, dealers and traffickers in each district be submitted to the Provisional Headquarters before the end of this month.

Measures for prohibiting the growth of the opium poppy were adopted by the Shensi Provincial Government Committee at its meeting in Sian, August 7

Acting under orders of General Chiang Kai-shek the Hupeh Provincial Government is now pushing on vigorously an anti-opium campaign in the province. So far 3,933 opium dens have been closed up and 3,187 opium smoking outfits have been seized.

Several red pill factories in the International Settlement were raided last week, most of them in Tiendong Road. Several machines for the manufacture of red pills and many bags containing narcotic drugs were discovered on the premises. Seven arrests were made.

The Peiping Municipal Government, according to Mayor Yuan Liang, has decided to root out the narcotic evil in the city. There are more than 40,000 heroin addicts in the city, involving a total daily expenditure of over $10,000. To purge the city of the evil, the Public Health Bureau has been instructed to establish hospitals and clinics for curing the addicts.

L. A. Nyesorn, reputed to be a Hongkong merchant, was arrested in Los Angeles August 2 upon his arrival from the Orient on the liner *Presideat Coolidge*, customs guards saying they found 12 large tins of narcotics in his clothing.

General Round-Up of Beggars in Tientsin

Latest investigation show that nearly 20,000 people are engaged in the "beggar trade" in Tientsin. Beginning from Aug. 7 the Chinese authorities have started a general round-up of beggars. These beggars will be sent to the Charity Homes in Tientsin and be taught a proper trade so as to enable them to earn a living. The co-operation of foreign concession authorities is now being sought by the Chinese city government for the arrest of beggars in the different concessions, according to a dispatch dated Aug. 8.

Who's Who in China

王韜字敬三
Wang Tao

Wang Tao, Government official; born at Fushan, Shantung, 1878; secretary in the Headquarters of the Viceroy of Hunan and Kwantung and interpreter at the Chinese Legation in Japan under the Manchu regime; since the establishment of the Republic, he has successively served as Commissioner of Finance of Fengtien provincial government; magistrate of Hsi-hsien and Hsiping districts in Honan; magistrate of Peking and Miyuan in Hopei; director of General Affairs Department of the Northeastern Political Affairs Commission under Marshal Chang Hsueh-liang; acting Mayor of Peiping and concurrently Commissioner of Finance of Peiping Municipality; counsellor to the Peiping Municipal Government; now, Mayor of Tientsin; address: Tinetsin Municipal Government, Tientsin, Hopei.

王韜字敬三，山東福山縣人，現年五十六歲，前清以候補道充湖廣總督衙門文案及駐日欽使公署譯譯，民國成立，歷充奉天財政廳總收支，河南西平縣涉縣縣知事，京兆密雲縣知事，直隸口北道尹，東北政務委員會總務處主任，北平市財政局局長，兼北平市市長，北平市政府參事，現任天津市市長。

Eight Million Chinese Live in Foreign Countries

Nearly 8,000,000 Chinese, scattered throughout the world, are living under foreign jurisdiction, according to figures released by the Overseas Chinese Affairs Committee of the National Government. By far the greatest number of Chinese abroad live in the Malay Archipelago and southern Asia. Siam alone claims a Chinese population of 2,500,000; Annama, 331,416; Burma, 193,698; and India, 15,000. British Malaya has a Chinese population of 1,709,392; British North Borneo, 75,000; and the Netherlands East Indies, 1,232,650.

There are 110,500 Chinese in the Philippine Islands, 26,179 in Hawaii, 15,500 in Australia, 2,500 in New Zealand and 4,500 in South Africa. A total of 1,200 Chinese are classified as living on small Pacific islands and another 5,000 on islands in the Indian Ocean. Japan exercises jurisdiction over approximately 100,000 Chinese—20,064 in Japan, 46,691 in Formosa and 41,303 in Korea.

In the Western Hemisphere 64,954 Chinese live in the United States, 42,100 in Canada and 25,000 in Mexico. The Central American countries together have a Chinese population of 9,400, while in South America, Peru has 5,704 Chinese within her borders, Chile 2,700, Brazil 820, Argentina 600 and Venezuela 2,826. The West Indies have a total of 36,400 Chinese.

Comparatively fewer Chinese live in Europe, though they are to be found in every European country. France has the largest Chinese population in Europe with 16,000, Britian and Holland come next next with 8,000 each; Germany has 1,800 Chinese residents, Portugal 1,200; Denmark 900; Belgium 550; Italy 274; Switzerland 149, and Poland 139. The number falls below 100 in the other European countries, the Baltic States and Scandinavian countries having less than 10 Chinese each. Soviet Russia has 251,500 Chinese residents, while in Turkey there are 7,000 Chinese, though the majority of them have acquired Turkish citizenship. Portugal holds jurisdiction over 199,865 Chinese in Macao, in addition to 3,500 in Timor island. The Chinese population of Hongkong is placed at 825,635.

In the United States Court for China

FRANK HOWELL COLE, Plaintiff, vs. LILLIAN LOUISE COLE, Defendant.	Cause No. 3706 Civil No. 1693 ORDER Filed at Shanghai, China, August 7, 1934. William T. Collins, Clerk. L. T. Kenake, Asst. Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, has this 30th day of June, 1934, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 4th day of August, 1934, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 30th day of June, 1934, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein at any time, and that defendant's last known address was 126 Clarkson Avenue, Brooklyn, New York;

NOW, THEREFORE, it is this 7th day of August, 1934, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW" Shanghai, China—a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 25th day of August, 1934, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 7th day of August, 1934.

MILTON J. HELMICK,
Judge.

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Men and Events

Dr. H. A. Erickson has joined the staff of the Shanghai Sanitarium and Hospital.

The Turkish Government August 11 ordered the closing down of all foreign masonic lodges in Turkey.

Tokutaro Omura, advisor to the Mitsui Gomei Kaisha, died at Tsinan, Shantung province, Aug. 13 following a heart attack.

It is reported that the Red Cross Society of China is contemplating the removal of its headquarters from Shanghai to Nanking.

The death occurred at sea on the s.s. *President Johnson* Aug. 5 from heart failure of Elizabeth Lyon, daughter of Dr. and Mrs. D. W. Lyon.

The last consignment of American cotton destined to China under the China Cotton and Wheat Loan, consisting of 2,975 bales, left Houston, Texas, on July 1.

Advices by mail from London state that H. E. Amhold, Chairman of the Shanghai Municipal Council, was to have met the China Committee of Members of Parliament on July 19.

The death occurred in Tokyo August 10 of Dr. Rudolf Bolling Teusler, American founder of St. Luke's Hospital. Death was due to heart disease. He succumbed in the hospital he founded.

The Rev. Emory W. Luccock of the Shanghai Community Church and Mrs. Luccock are on vacation in the United States, Letters addressed to 99 Claremont Avenue, New York, will reach them.

The A. B. C. Press, a Swiss limited liability company, of which Ed. Haenggi is the managing director, is issuing debentures, to the amount of $300,000, subscribtions to which are invited from the public.

Hu Chao-tung having resigned from his post as Managing-Director of the Canton-Kowloon Railway, Li Lu-chao, member of the Provincial Government Committee, has been appointed his successor.

L. A. Lewis has succeeded the late Carl Nahmmacher as the Far Eastern representative of United Aircrafts Exports, Inc., concurrently also representing the Consolidated Aircraft Corporation.

Lu Wen-tao, the Chinese Minister in Italy has been urgently summoned to Nanking immediately to discuss a Sino-Italian scheme of cooperation. Mr. Lu has already left Italy on his way to Shanghai.

Lieutenant Colonel Sabattier of the French Colonial Infantry was appointed August 11 to the post of military attache at the French Legation in Peiping where he will replace Colonel Bonovita, shortly returning to France.

In appreciation of their generous donations to medical work, Yeh Tzu-heng, a member of the Chekiang gentry, Sir Elly Kadoorie, and Sir Victor Sassoon of Shanghai, have been specially commended by the National Government.

The death occurred in Shanghai August 12 of Charles J. Delay, garage and motor overhaul foreman for the China National Aviation Corporation. Mr. Delay's home was in Omaha, Nebraska. He is survived by his widow and several children.

A train collision, resulting in many passengers being killed and injured, occurred August 6 at Chuchiawan in northern Hupeh when a north-bound train crashed headlong into a south-bound express. Traffic was restored late in the evening.

Dr. Donald Grey Barnhouse of Philadelphia, after completing a week of Bible teaching at the Peitaiho Missionary Conference, proceeded to Kuling to attend the Conference for Chinese leaders at Kuling, which is being held from August 12 to 21.

A recent report from Keelung stated that the motor boat *Koko-maru* (15 tons) with miscellaneous cargo worth about Yen 8,000, while near Amoy on the Japan 27 was caught by a Chinese Customs boat. The ship and cargo were confiscated.

A decoration conferred by the Belgian Government was formally presented to General Yu Hsueh-chung, Chairman of the Hopei Provincial Government, by Baron Jules Guillaume, the Belgian Minister, at the Belgian Consulate-General in Tientsin August 11.

G. M. Babbitt and K. C. Chow of the staff of *China Highways*, official, monthly organ of the Automobile Club of China, made the trip from Soochow to Shanghai by motor car in four hours, August 12, going via Chapu. The distance over the route taken is 131 miles.

The Social Affairs Department of the Municipal Government of Nanking issued an order Aug. 8, prohibiting girl students in the Nanking municipality from having their hair "ironed." The Department also declared that both boy and girl students must wear Chinese native clothes and those who are found to be wearing "indecent" dresses are liable to be severely punished.

The death occurred in Cleveland, Ohio, July 4 of Edith Mandel, 12-year old daughter of Alfred E. Mandel, president of the China Fibre Container Co. Mr. Mandel proceeded to America when he heard of his daughter's illness but her death occurred several days before he arrived.

An unemployed Japanese volunteer named Goto, when arrested on suspicion at the entrance to Hongkew Park several days ago, was found to have six hand grenades on his person, with the intention of committing suicide by blowing himself up. He was turned over to the Japanese authorities.

Roy G. Allman, Shanghai lawyer, and Mrs. Ruth Phipps were married in the Community Church, Shanghai, August 11 by the Rev. Ralph A Ward. Mrs. Phipps is the daughter of Mr. and Mrs. Ralph Lynn of Knoxville, Tenn., and Mr. Allman is the son of Mr. and Mrs. J. I. Allman of Rocky Mount, Va.

Two additional Chinese gunboats, which are the last two of the ten gunboats built by the Kiangnan Dockyard, will be formally commissioned for service along the Yangtze River about the middle of this month. The two vessels are christened *Changning* and *Chienning*, each having a displacement of 300 tons.

Mrs. Clayton Sedgewick Cooper is a visitor to Shanghai after an absence of 27 years. Mrs. Sedgwick at the time of her residence in Shanghai, was the wife of the then American Consul General, John Goodnow, who died in Europe in 1907. Mrs. Cooper has become internationally famous as an author.

Dr. H. H. Love, who has been serving as agricultural adviser to the Ministry of Industry, sailed from Shanghai during the week for the United States. Dr. Love is returning to his position at Cornell University, having been on leave of absence during his service in China. Dr. Love has been in China for more than three years.

Convicted on charges of violation of law and extortion from the people, Chang Chan-liang, District Magistrate of Yushan, in Kiangsi, is to be dismissed from his post and suspended from the civil service for eight years, according to an announcement made by the Committee for the Disciplinary Punishment of Public Functionaries.

Two Chinese, Kao Chi-gin and Wu Chen-yuan, were each sentenced to two months' imprisonment and fined $30 by Judge Woo of the Second Special District Court in Shanghai last week for manufactuing and selling imitation chewing gum similar in flavor to that of Wrigley's with wrappings almost identical in design and color.

The Kuomintang at Wenchow with the approval of Hsu Pán-yun, Special Supervisor of Civil Administration of the 3rd District of Chekiang Province, has launched an anti-foreign movement. Foreign goods like cigarettes and fertilizers are forbiden to land, and holders of stocks on the market have been forced to stop sales.

Los Angeles County, California, has started to repatriate indigent Filipinos. The first group of forty-six has sailed on Osaka Shosen Kaisha boat for Manila via Kobe. A Dollar Line official is stated in Japanese telegrams to have protested, contending that American ships should has been be used, but the Japanese company was the lowest bidder.

Losses suffered by Japanese residents in Shanghai in the conflict between Japanese forces and the Nineteenth Route Army in the early part of 1932, were reflected in the closing down last week of the Kitafuku Mart, leading Japanese emporium, located at the corner of Minghong and Miller roads in Hongkew. The store has suspended business for an indefinite period.

The Executive Yuan, at its 172nd meeting held in Nanking, Aug. 7 under the chairmanship of President Wang Ching-wei, specially appointed Quo Tai-chi, Lo Chung-yi and Wunsz King, Ministers to Great Britain, Denmark and the Netherlands, as Chinese delegates to the forthcoming 15th session of the League of Nations Assembly, scheduled to be held on September 10.

Dr. Shao-tseng Wu, the associate managing director of the N.S.R. and S.H.N.R. Administration, was the host of a farewell dinner party in honor of Huang Pe-tsiau, managing director, held at P. S. Tang's residence in Shanghai August 11. Mr. Huang will leave Shanghai August 21 on a tour of observation of railways in Europe and America, which will take six to eight months.

Dr. Shen Yi, Commissioner of Public Works of the City Government of the Greater Shanghai Municipality, in a cablegrm to the City Government from Berlin, reported his arrival in Germany last week. Dr. Shen has been appointed by the National Government as China's delegate to the International Road Congress which is scheduled to be held in Germany next month.

Rev. T. C. Wu, general secretary of the Chinese Mission to Lepers, has been invited by the American Mission to Lepers to speak at their annual meeting to be held in New York City on October 11 and in other large cities in the United States. He has also been appointed a special envoy by the National Health Administration of the Ministry of Interior to study into the problem of leprosy control in Japan, the Hawaiian Islands, and in the United States. He will sail from Shanghai on August 21 on the *President Grant* to carry on his new assignments.

Five Chinese, convicted of the murder of Dr. J. H. Ingram of the American Board Mission, were taken by motor-truck to the execution grounds outside Tientsin Aug. 14 and executed by a firing squad.

Five Japanese, one American and two Chinese were murdered and 30 other passengers were taken as hostages by pirares who attacked the ss, *Yingkow* seven kilometres east of Harbin on the night of Aug. 14.

Hayley Morriss, age 46, and Miss Marie Louise Ross, 25, of Crowborough, Sussex, were married in the Registry in London on July 26. Mr. Morris is a former resident of Shanghai, and is a brother of the principal owner of the *North China Daily News*.

Six Japanese, including one woman, were deported from Shanghai between July 3 and August 6. Two Koreans are also being deported. All were charged with violations of various Japanese consular police regulations and included three men who were alleged by police to have led the Japanese mobs in the disturbances in the Hongkew district on the night of June 27 and July 1.

The sixth semi-annual general meeting to be attended by the active members and supporters of the National Child Welfare Association of China will be convened on August 24, 1934, at the Sun Yat-sen Memorial Hall, 131 Museum Road, Shanghai. The meeting will be presided over by the president, Dr. H. H. Kung, the Finance Minister of the National Government.

Dr. T. W. Lu, chairman of the Department of Psychology, has been elected by the board of managers of Yenching University as chancellor of the university in succession to Dr. Y. T. Tsur, the acting chancellor, who tendered his resignation last month. Dr. Lu is at present in Europe, but is expected to return to China shortly. It is understood that he has been informed of his election by cable.

Mark J. Ginsbourg, Shanghai student who was awarded the Pulitzer traveling fellowship in journalism this year, has returned to his home here where he plans to engage in newspaper work. After completing his preparatory work here, Mr. Ginsbourg went to Pomona College in California and then to the School of Journalism at Columbia University, N. Y., where he received the degrees of Bachelor of Arts and Bachelor of Science.

H. C. Wessels, a German wrought-iron craftsman, shot and killed his recently divorced wife and her lover, Donald Burton, former S. M. policeman, in a flat in Bubbling Well Road, Shanghai, early in the morning of August 13. He then shot himself in the head. The woman in the case was born of wealthy Korean parents in Vladivostock, her maiden name being Lubov Lee. Business reverses and revenge were the apparent motives of Wessels in committing the deed.

The postal administration conference summoned by the Ministry of Communications will be officially opened on September 1 at Nanking. The conference will be devoted to the discussion of measures for the improvement of the postal service and will last for three days. Following the postal conference, a telegraphic administration conference will be convened at Nanking and will likewise remain in session for three days.

An agreement has been reached between Princess Youssoupoff and Metro-Goldwyn-Mayer interests and representatives of the Princess Youssoupoff, disposing of future libel litigation in connection with the future showing of the Rasputin film. All further actions are withdrawn. It has been agreed that a statement will be inserted in the film to the effect that the part of the Princess Natasha, to which the Princess Youssoupoff took exception, is fictional.

The League of Nations has gone on record as being opposed to the maintenance of the system of licensed houses of prostitution, which is still in force in many countries. This view was adopted by the League Committee on the Traffic in Women on the basis of a report prepared by the Social Section of the League Secretariat on information collected in reply to questionaires and from investigations done on the spot in a number of towns in which licensed houses have been abolished.

Two well known Californians, August Vollmer, famous criminologist, who spent considerable time in Nanking as adviser to the municipal police department, and Chester H. Rowell, equally famed writer and publicist, who was connected with the Institute of Pacific Relations meeting in Shanghai in 1931, were victims of a peculiar accident in Honolulu recently. They were watching the performance of a Siamese sword-thrower when one of the blades missed its mark and struck Vollmer's check and nicked the ear of Rowell.

Edward Allen Carter, 18-year-old American negro and son of an American negro missionary, who with his German wife is "somewhere in China" was brought up before Judge Milton D. Helmick in the U.S. Court for China August 11. He pleaded guilty to stealing a bicycle worth U. S. $17 and was sentenced to 10 months in Amoy Road jail, but sentence was suspended for five years. He is being held in jail while the American authorities are trying to get him a job on a boat running to the United States.

In the United States Court for China

JOSEPH AUGUST INFERRERA, Plaintiff,
vs.
MARY CHASE INFERRERA, Defendant.

Cause No. 3718
Civil No. 1703
ORDER
Filed at Shanghai, China, July 26th, 1934.
WILLIAM T. COLLINS
Clerk.

ORDER

The object of this suit is an action for the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS, plaintiff herein, by his attorneys, has this 27th day of July, 1934, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 27th day of July, 1934, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 27th day of July, 1934, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein during the past year, and that defendant's last known address was 661 Lee Court, Scranton, Pennsylvania, United States of America;

NOW, THEREFORE, it is this 27th day of July, 1934, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review," a weekly paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 18th day of August, 1934, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT,

MILTON J. HELMICK,
Judge.

BACK ISSUES WANTED

The Review will pay three dollars ($3.00) for each copy of the following issues,

Vol. II	No. 1	September 1, 1917
Vol. II	No. 5	September 29, 1917
Vol. II	No. 10	November 3, 1917
Vol. XXXI	No. 11	February 14, 1925

Mail with statement to

The China Weekly Review
160 Avenue Edward VII
Shanghai

New Books of Interest in the Far East

Working Women in the U. S. A.

Women Who Work, by Grace Hutchins; published by the International Publishers, New York City, U.S.A., 285 pages.

This book is not up to the standard of the previous volumes of its series that have been prepared by the Labor Research Association on conditions prevailing among the American proletariat. It is too general, whereas previous volumes of this exceptionally excellent series have dealt with *all* workers in specific industries,—such as steel, coal, textiles, lumber, automobiles and silk. And Miss Hutchins will probably agree that "women who work" cannot be divorced from men who work in any thorough-going discussion of industry, especially from the left wing viewpoint.

However, the book amply repays reading. The 1930 census figures in the United States listed approximately 11,000,000 women "with gainful occupations." Almost a third were in domestic and personal service, such as hotels, restaurants, beauty parlors, private home, etc. Almost 2,000,000 were in clerical service, and slightly less in mechanical and manufacturing lines. In all industries, generally speaking, women are paid less than men. Further, "if a woman or a girl at a lower rate of pay can be used to do a job formerly done by a man on a higher rate of pay, the girl is employed and the man is fired." Even before the economic crisis, "wages paid to women workers showed medians averaging below $12 (U.S. currency) a week." Today, despite the decline in the purchasing power of the dollar, the median is less than $11 on the basis of all available statistics. This means that half the women workers are getting less.

One trend in American industry has been not only the replacing of male workers with women workers (at less wages), but the replacing of both with machines. Among women workers, this has been especially pronounced in the development of the automatic, or dial, system of telephone operation. This, according to the U.S. Bureau of Labor Statistics, has "decreased the employment opportunities for operators by about two-thirds." The change to the dial system largely took place, incidentally, while President Walter S. Gifford of the American Telephone and Telegraph Company headed President Hoover's Organization for Unemployment Relief in 1931!

In view of the recent visit to Shanghai of Barbara Hutton, now the "Princess" Mdivani, a few lines about her given by Miss Hutchins are of particular interest. The "Princess" Mdivani is the granddaughter and heiress of the late F. W. Woolworth, the 5-and-10-cent store king. He made his fortune "by paying sales girls in his stores from $6 to $11 a week. His granddaughter's fortune, inherited in 1918, was then about $18,000,000 but had more more than doubled in the intervening years, amounting in 1933 to over $42,000,000. In 1930 the court allowed the girl's father as guardian to purchase for her a private railroad car costing $120,000, to use $36,000 a year for its maintenance, and to pay $10,000 for a large dance at the Ritz-Carlton at which she made her debut."

Unfortunately, Miss Hutchins does not record what the Woolworth employes think of all this, if they think at all—which they probably don't.

W. B.

Stories by Shanghai Writers

Between Tides, by the Shanghai Short Story Club. Willow Pattern Press, Shanghai, 1934, 249 pages.

"Between Tides" is the third volume of stories from the Shanghai Short Story Club. The contents of the book are as varied as the personalities of their writers, and the stories differ greatly in outlook and style.

The first section of the book contains fourteen stories with a Chinese setting; the second section presents twelve with foreign backgrounds. In the Chinese tales we find great diversity of subject and treatment. Countrymen, an emperor, a rickshaw puller, the racing set, foreign problems in the Orient: all these are the topics of stories, notable for insight into Oriental conditions. At this crisis in the affairs of Shanghai rickshaw pullers we commend the story, "A Shanghai Christmas," to the reader's attention.

The tales with foreign settings take us from India to Europe, from London to America, and again around the globe. The writers of these stories, though but few of them are more than amateurs, have captured enough of the story-telling art to hold one's interest. More than that, they possess promise for the future. The names of some of these authors will one day reach important places in the story world and perhaps you may relate with special interest to your friends that you first read a tale by a certain well-known writer in a small book called "Between Tides," published in Shanghai in 1934.

Unfortunately, the book's typography is not all that could be desired, but Chinese typesetters have limitations. We suggest a more careful proof-reading for other such volumes. The one charming illustration and the book-wrapper decoration are the work of the Shanghai artist, Ella Ely.

Our opinion is that the book is good, and that Shanghai story-lovers (meaning you!) would do well to read it.

August 4, 1934. G. B. S.

A Soviet Novel With a Purpose

V. Ilyenkov, Driving Axle: A Novel of Socialist Construction. International Publishers, New York, 1933. 455 pp. $2.00 gold.

In undergraduate days the reviewer engaged in a discussion with Carl Sandburg on the subject of art and propaganda. The discussion was somewhat summarily ended by Sandburg's dictum "All art is propaganda." As the reviewer read this novel of Russian socialist construction, Driving Axle, the entire question of the novel for propaganda purposes came to the fore. Nowhere have literary forms been more freely exploited for propaganda than in Russia, where the ablest writers, such as Biely, Zamyatin, Pilnyak, Kataev, have used their art for social purpose. Max Eastman's new book, Artists' in Uniform, discusses this relationship of the state and literature in Russia from 1917 to 1934.

Driving Axle is a story built around the life and problems of the workers in a locomotive and car works in the Ural industrial area. The action takes place at the beginning of the First Five Year Plan and revolves round a struggle against sabotage and anti-Soviet elements within the plant. The peasants come from their small farms to grow class conscious in the highly organized factory. The children in their Pioneer group fight for increased production, as they free themselves from the influence of their less enthusiastic elders. The pictures of family life, communist activity, personal development, not only show Soviet life today, but present the problems of the individual, the family and the party. The tone of progress, of development, so typical of Russia today, permeates the book:

> "His life appeared before him in the form of a piece of steel turning on a lathe—first coarse and unsightly, a flood of rust and sand flowing from under the cutter, then the first shaving showing a gleam of steel, still many cracks and crannies on the surface the cutter must hite in deeper; finally the second lot of shavings showing the real cast. What a lot of fuss over that piece of metal! It must be tempered, turned, polished. It was the same with his life. Through years of labbur at the plant, through the Young Communist League and Communist Party, nights spent over books and in laboratories—Senya the moulder had become an engineer. And in the years which passed before him, he saw himself, his friends, his own class, the whole country, getting rid of the rust which still clung to them."

The title is symbolic of the driving force within the new state. As the whole system of steam distribution in the engine, its soul so to speak, depends on the precise position of the countershaft of the driving axle, so Ilyenkov in this novel shows the driving axle of that impetuous engine called the Soviet union to be the working class and the Communist party.

F. M. R.

The Comacrib Duectory

The Comacrib Directory of China, Japan and the Far East. Comacrib Press, Fed. Inc., U.S.A., Shanghai.

The Comacrib Directory was the third directory enterprise to be founded in Shanghai. Although Comacrib, like all the others, devotes much space to Shanghai it has specialized particularly in the territory farther afield. Thus we find a business directory of Honolulu at the very beginning of the volume, then come the principal cities of Japan, the Philippine Islands, Straits Settlements, Netherlands Indies, Siam, Burmah, etc.—these in addition to Hongkong and the principal ports of China, not omitting the Portuguese possession, Macao. A profusion of advertisements is scattered throughout the volume, which has by far more pages than any other Shanghai directory. It is bound in blue cloth, with title in gilt.

CUSTOMS NOTIFICATION No. 1378

With reference to Customs Notification No. 1375, the public is hereby notified that I have to-day resumed charge of this office.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 10th August, 1934.

CHINA, AMERICA AND RUSSIA

(*Continued from page* 469)

dared to launch an attack against Russia, the situation would drive Russia and America to form some sort of "alliance." It would mean also that the Chinese doctrine that the restoration with Russia would displease the Americans, was also untrue. The Americans themselves were quite anxious to open diplomatic relations with Russia, and they had hoped the Chinese woud do so first. It meant also that the Americans had every desire to work together with Russia and China to save the situation in the Far East.

The first result of the restoration was the change of the Russian policy from weak to strong towards Japan. Since then the Russians had always "thumbed their noses at the Japanese" and even openly accused the Japanese of imperialism in Asia. By the restoration of diplomatic relations, both China and America had renewed their friendship with their old friend. Since then, there has been also every sign of "closer Sino-American co-operation." The Sino-American G.$50,000,000 Wheat and Cotton Loan would indicate that the Americans had not abandoned their policy of open door and equal opportunity in China and that they had every desire to give every possible assistance to China.

Steps Towards Sino-Russo-American "Close Co-operation"

From the above, we may conclude that (1) through long and historical friendly relations, these powers could easily cooperate with each other; that (2) the present situation in the Far East, as created by the Japanese forcible invasion and occupation of Chinese provinces, has at last set these three powers bordering the Pacific namely, China, Russia and America, to action, and to realize that the situation in the Far East is critical, and the only remedy lies in their "oc-operation" to save it; that (3) though for the time being, these powers have not yet taken any definite and open action, the tendency is, however, strongly toward that direction; and that (4) a "good start" towards the Sino-Russo-American cooperation had already been made and that it requires only some more steps towards its realization.

The Chinese should realize that it is fallacious to think that she alone could deal with the Japanese aggression, or that "signing of many agreements" with the Japanese would settle everything; and that she should decide to resort to diplomacy to save the whole siutation. China should take more definite and vigorous steps towards Sino-Russo-American co-operation.

Nanking, August 12, 1934.

Fate of Union Club to Be Decided at Extraordinary Meeting

An extraordinary meeting of the general membership of the Union Club will be held in the near future to decide whether the Club should be closed. The Union Club was formed to afford a means of social contact between Chinese and foreigners here. It has led a precarious existence for the past several years. Interesting discussions of the suspension proposal are expected at the forthcoming general meeting. A. R. Hager was the proposer of the resolution to hold the extraordinary meeting, at a meeting of the general committee held Aug. 11.

Buoyant Health

Out in the sunshine for hours on end, day after day, happy care-free days, that is the time when you know the real joy of perfect health.

But holidays for most people come round so seldom, and the daily routine of life often entails such long tiring hours that it is no easy matter to maintain one's health.

The secret of good health lies in the condition of the blood stream, and it is due to their unique ability to create new, rich, red blood that Dr. Williams' Pink Pills have proved so effective in the treatment of all manner of ills which have their origin in a poor condition of the blood.

When you are run-down for any reason do not neglect the early symptoms such as headaches, pains in the back and limbs, or if you tire too easily. These are all signs that your blood is becoming impoverished and your immediate need is a course of Dr. Williams' Pink Pills, the blood creating, nerve-strengthening tonic which has proved of benefit to men and women for a period of more than fifty years.

Dr. Williams' Pink Pills are the prescription of a physician, an M.D. of Edinburgh University, and their health-giving merits have recently been put to tests in the light of modern scientific knowledge.

As a result it has been proved that these pills are definitely able to increase the haemoglobin content of the blood, haemoglobin being the substance which conveys oxygen from the lungs and nutriment from the food digested in the intestines to every cell and tissue of the body. Equally good for both men and women, Dr. Williams' Pink Pills may also be given to children with perfect safety, and they are especially helpful as a builder after illnesses. From chemists everywhere.

Now On Sale

China Year Book 1934

The China Year Book should be immediately accessible to the staff of every office in China. Its 850 pages cover the whole field of political, financial and commercial activities in easy reference form, and makes its absence a definite handicap as much to the small trader as to the diplomat. Very little of the contents of this edition has appeared in previous issues. In the current issue, among other important documents, will be found:—

THE RAJCHMAN REPORT
DRAFT PERMANENT CONSTITUTION
BANKING LAWS
MANCHURIAN RAILWAYS
SINO-JAPANESE ISSUES

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and special articles on currency, communications, cost of living, trade prospects and statistics, the Chinese Government, public justice, telegraph, telephone and postal information, and a Who's Who of nearly a thousand prominent Chinese personalities.

The China Year Book is not written by one man, but by a number of the principal Foreign and Chinese authorities on the various subjects dealt with. Among them are:

FATHER E. GHERZI: THE CLIMATE OF CHINA
MR. E. KANN: CURRENCY AND BANKING
FATHER P. M. D'ELIAS R. C. MISSIONS
DR. TA CHEN: LABOUR PROBLEMS
DR. M. T. Z. TYAU: GREATER SHANGHAI
MR. OWEN LATTIMORE: CHINESE TURKESTAN AND MONGOLIA
REV. C. L. BOYNTON: PROTESTANT MISSIONS
DR. J. B. GRANT: PUBLIC HEALTH

The Editor, who is himself a leading authority on Chinese affairs, is the author of several works on China, Editor of "Oriental Affairs" and has lived for over thirty years in the country.

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Text of Dr. L. Rajchman's Report on League Co-operation with China

(Continued from last week)

3.—The Prime Minister's statement describes also other phases of the work of reconstruction carried out during the last two years. His account of the policy intended for developing Chinese navigation is also of great interest:—

> The situation in the shipping business is a source of national humiliation, both inland and commercial shipping services being still monopolized by foreign interest. The Chinese merely operate two shipyards—the Kiangnan Dock and the Mamoi Dock—and the China Merchants Steam Navigation Compamy. Though the China Merchants Steam Navigation Company has a history of over 60 years, its business has steadily declined owing to mismanagement. There are very few shipping companies operated by private interests. Construction work requires a substantial sum of money, since every ship represents a value of several million dollars. The Government deemed it expedient to take over the China Merchants Steam Navigation Company and convert it into a State-operated concern. The shares of the company were bought up by the Government, and a receivership committee organized to arrange for the conversion. Since being taken over by the State, the Company has made considerable progress and improvement, as evidenced by the fact that in the course of the first six months of last year (1933) its total receipts amounted in round figures to $3,600,000, representing an increase of 30% over the corresponding period of the preceding year. Simultaneously efforts were made to repair old and dilapidated ships, warehouses and wharves, as well as to purchase new vessels, including four ocean liners for the Shanghai–Hongkong–Kwangtung route, and three river steamers for the Shanghai–Hankow–Ichang route. These new ships will be in service by the autumn of this year.

4.—A very important achievement of the Government has been the development of telephones and telegraphs. Most important towns in China have a telephone system, some of which are run as municipal enterprises, some by local merchants. It is indeed not infrequent to discover a private and a municipal service competing with one another: in Chekiang, for example, where there are no fewer than three competing systems. The Government plans in time to transfer all telephone systems into a single national enterprise, thus eliminating overlapping. For the time being, however, it has limited its interests to an improvement of long-distance telephones. In Europe and America local telephones are linked to one another not directly, but through a regional centre, to which all the systems in a region are connected. In China, on the other hand, until the Government took the matter in hand, local telephones were not systematically connected. The Government plans to establish a co-ordinated system for the provinces of Kiangsu, Chekiang, Anhwei, Honan, Shantung, and Hopeh. It has already, with the aid of a loan from the British Boxer Indemnity Fund, completed its work in Kiangsu, and is preparing its extension into Anhwei.

China's telegraphic communications with abroad are mainly by cable. It was therefore of considerable advantage to China to be able to revise its agreements with the great cable companies, obtaining better terms and recovering its cable rights. An outstanding feature of the year has been the opening of telegraphic wireless communication with Great Britain. But though it is thus in contact with the outside world, Central China still does not possess telegraphic communication with its outlying provinces, and except for a wireless station at Sian, in Shensi, with the remote North-West. The establishment of wireless stations in Charhar, Suiyuan, Kansu, and Kokonor, Ninghsia, Szechuen and Hsikang, and the building of a telegraph line connecting Nanking with Szechuen and Tibet, both projected for this year, will have, therefore, general as well as economic importance.

5.—There remains the development of aviation. The Prime Minister gives an account of what has been achieved, and what is planned for the immediate future:—

> Let us now review the achievements of the Government in the field of civil aviation. Two air mail and passenger services are being operated, under the Ministry of Communications, by the China National and the Eurasia Aviation Corporations. Whereas before 1933 the air services of the China National Aviation Corporation only consisted of the Shanghai-Hankow and Shanghai-Peiping routes, the efforts of the Government to develop the service have resulted in an extension to Chengtu, thereby inaugurating a new air route to Szechuen province. Moreover, the former Shanghai-Peiping service, which was later suspended, has been transformed into a coastal air service. An entirely new route—the Shanghai-Canton Airway—has also been inaugurated, and efforts are being made to open a new route from Chengtu to Kueiyang, and from Kueiyang (Kueichow) to Yunnan, a test flight on this route having been already made.
>
> The service operated by the Eurasia Aviation Corporation connects Shanghai with Tacheng (Sinkiang), whence it will connect with Berlin via Soviet Russia. It is to be regretted, however, that the Shanghai-Tihua service, which had been in operation for a few months, has been suspended owing to the unsettled situation in Sinkiang province, the service now only reaching Lanchow, provincial capital of Kansu. Plans are being made for the early resumption of the service.
>
> Besides the above mentional air routes, the Corporation has also inaugurated several branch airways, including the Lanchow-Sining (Ninghsia), the Tihua-Ili, and Tihua-Tashkent routes. The Sian-Peiping route is already in operation, while measures are being adopted for the inauguration of a Canton–Hankow–Sian service, tests flights on the Canton-Hankow section having proved successful. Commercial service on this section will be inaugurated as soon as the aerodrome in Canton is completed.

CONCLUDING CHAPTER (XI).—METHODS PROPOSED FOR TECHNICAL COLLABORATION THROUGH THE LEAGUE

1.—In the foregoing pages an attempt has been made to present a general picture of the activity with which the various technical organizations of the League are associated. This necessitated frequent references to reports of the several foreign specialists, and may perhaps lead to misapprehension as to the contribution which the League organization can render in the work of reconstruction. The effectiveness of the services that can be rendered by foreign experts in China is circumscribed by the necessity not only of gaining a knowledge of facts, but also of understanding their true significance, their inter-relation in a country only a few areas of which are usually visited by them, and with the people of which they can seldom establish direct relationship in view of their unfamiliarity with the language. The extreme affability and hospitality shown to the foreign expert often prevent him from realizing the great effort required of his Chinese colleague to afford him all requisite information, to keep on translating to him relevant documentation into comprehensive language, and the responsibility felt in the selection of the data to be made available for the common study. Even were the conditions not as complex as they are in China, in view of the co-existence in practically every sphere of public endeavour of customs and traditions appropriate to various stages of evolution of modern society, the task of the foreign expert would still be difficult if he could only rely on his own national experience in his particular sphere of work. He needs detailed knowledge of—or better, actual experience in—the practice of other countries than his own, particularly such as have before them acute problems of the magnitude of those confronting the Chinese administrator and technician.

2.—There are many cases in which the Chinese Government engages under contract foreign specialists for consultation of a temporary character or for enlistment in various branches of national administration and its technical departments. The number of foreigners so employed at present is considerable, and may even increase as the process of industrialization develops and calls for enlargement of the technical cadres. It is not suggested that the present arrangement should be modified by which the Chinese Government may obtain advice and nomination through the office of the technical delegate. It is, however, open to question whether it would be advisable to establish a general practice of recruiting foreign specialists through the instrumentality of the League. Such a practice would result in adding a new category of foreign expert to those already existing, particularly because the Government departments, national institutions and provincial authorities would continue to engage suitable persons either directly or through the intermediary of numerous public and private agencis with which they have habitual contacts. A tendency might develop to consider officers engaged through the League as either enjoying particular terms of tenure or having a claim to an undefined connection with the League. This might involve the League in responsibilities which the Council would probably not desire to accept.

3.—Experts coming to China under the responsibility of the League have a special role to fulfill. The League will in future continue to receive requests for their despatch, and proposals are being made for a further extension of the plan of collaboration proposed for 1934. In particular, it may be recalled that when the National Economic Council was set up in 1931 the Chinese Government arranged with the Secretary-General for "a constant contact to be maintained between the Economic and Financial Sections of the League and the permanent organizations of the National Economic Council; and arrangements for the interchange of full statistical and other information." In the present new stage of technical collaboration the need for the maintenance of such a contact and its proper organization is desired at an early date.

I would present to the Secretary-General proposals to permit an ampler utilization of the credits in the League budget for technical liaison in China (and particularly so as to include the office of the Technical Delegate of the Council).*

*After consultation with the Secretary-General, this office was designated in November 1933 as the "Information Office in Nanking of the Technical Organizations of the League of Nations."

(To be continued)

Full Floating Rear Axle Featured in New V-8 Ford Trucks and Cars

The principal features of the new Ford trucks include a new full-floating type rear axle and a number of changes made to make the V-8 engine especially suitable for truck work. The forward end of the truck has been re-styled with a new chrome-plated moulding around the radiator grille, chrome-plated hood hinge rod and ornament for the radiator filler cap. But caps now carry the word "Ford" in script and the typical Ford oval is mounted on the hood sides for ready identification.

The new rear axle has been designed to meet the increasingly severe demands of present-day truck operation. It is more heavily constructed throughout than formerly with ample torque capacity to handle the full output of the V-8 engine under the most severe conditions. The pinion shaft is larger with larger bearings and the teeth on pinion and ring gear are wider than in the former ¾ floating axle. The straddle-mounted driving pinion and ring gear thrust plate, two Ford axle features for some years, are continued, the latter with an enlarged surface for longer retention of the predetermined maximum deflection permitted for the ring gear when subjected to severe overloads. The straight type rollers in the straddle-mounting for the driving pinion are now solid, giving them a higher load-carrying capacity than the spiral flat wire type formerly used.

Provision has been made for positive lubrication to the pinion bearings. The contrifugal action of the ring gear pushes lubricant through a passage leading between the two taper pinion bearings. A similar duct acts as a return canal for the circulating lubricant.

A new design feature is embodied in the differential bearing mounting. The taper roller bearings now are located equidistant from the centerline of the ring gear, thus providing equal distribution of stresses between the two bearings and equalizing bearing wear. The new design also embodies a more rugged conically shaped differential case heavily ribbed inside to decrease deflection of the ring gear and a heavier housing for the differential assembly. The differential bolts now the ½ inch in diameter, 1/16th inch greater than heretofore. To accommodate the full-floating axle shaft, the differential bearings also are larger in diameter. The axle shaft tubes are of thicker material and the strength of the spring seat mountings has been increased. The hub bolt circle diameter is 8 inches instead of the 6-inch and 7-inch size formerly used.

The axle is especially designed for use with dual tire equipment. The taper roller bearings in the wheels are located directly under the load center when this equipment is mounted.

The driving flanges on the axle shafts are forged integral. Where the shafts slip into the differential side-gears 16 spline fittings are used with the shafts upset to eliminate localized stresses. The shafts are 1½ inches in diameter, a substantial size for the full-floating type, since they are required to transmit driving forces only.

Engine Features

The V-8 truck engine is equipped with the new dual down-draft carburetion system which has proven so successful in giving improved fuel economy for the passenger car.

The truck engine also utilizes now cast-iron cylinder heads with which horsepower output is obtained equal to that of the former power-plant equipped with aluminum heads and single carbureter. The engine develops in excess of 80 h.p., approximately 5 h.p. more than that given for the former engine. A new combustion chamber shape for the cylinder heads permits obtaining a greater power output from a lower compression pressure than heretofore. The compression ratio of the new iron heads is 5.32 to 1, giving a compression pressure of 109 lbs. per sq. in at 2,500 r.p.m.

To assure long bearing life under continuous operation with heavy loads, the truck engines are equipped with connecting rod insert bearings of a now high-lead bronze, the same material as that employed for airplane and other engines which operate almost continuously under full load conditions. This new bearing material is capable of withstanding high oil temperatures and in tests the bearings show no measurable wear (less than 0.0002 in.) in 10,000 miles of use.

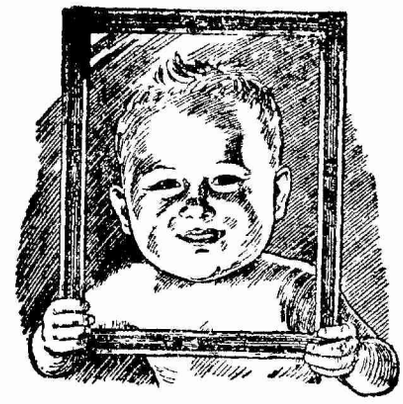
New Camshafts

The truck engines will be equipped with the new cast alloy-steel crankshafts which have recently been announced for the V-8 Ford engine. The resistance of these shafts to the reversed stresses incident in crankshafts and their remarkable wearing qualities, makes them especially suitable for use in truck work.

The front bumper has been lengthened and will be chrome-plated. Both front and rear bumpers of the commercial cars have been redesigned and will also be chrome-plated. The tail lamp for the commercial cars is now mounted on the rear door of such body types, which provides clear vision for the license plate at all times and also permits raising the rear bumper to standard height.

Indian and Japanese Delegates Call Attention to Labor Conditions in Asia

During the discussion of the Director's annual Report to the International Labor Conference in Geneva recently, Mr. Kikukawa, and Mr. Mehta, the workers' delegates from Japan and India respectively, called attention to the first session of the Asiatic Labor Congress, which was held at Colombo a short while ago. It was composed of representatives of Ceylonese, Indian and Japanese workers. The Congress emphasized the desirability of calling an advisory conference composed of representatives of Governments, employers and workers of Asiatic countries, with a view to considering the conditions of labor obtaining in Asia. It also reminded the International Labor Organization of a resolution adopted by the Conference in 1931 pointing out that many International Labor Conventions were not given effect to in Asiatic countries on the ground that they were framed with special reference to European conditions.



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CUSTOMS NOTIFICATION
No. 1380

With reference to the Regulations for the control of native produce shipped coastwise from treaty port to treaty port *via* a foreign port or ports, the attention of shipowners, ship agents, and shipmasters is called to the following:

"Vessels trading under General Regulations and clearing in ballast from an open port to an open port are not allowed to proceed *via* a foreign port or ports for bunkering or for any other purpose, unless they have declared at time of clearance the name or names of the foreign port or ports at which they intend to call. Failure to do so will render the vessel liable to a fine not exceeding $500."

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 16th August, 1934.

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The National City Bank of New York, Rates of Exchange

Shanghai, Aug. 15, 1934

Demand selling rate on America:	U.S.$100=Sh. $ 2.83
Demand buying rate on America:	U.S.$100=Sh. $ 2.80
Demand selling rate on London:	£1.0.0=Sh. $14.40
Demand rate buying on London:	£1.0.0=Sh. $14.32

Latest New York Stock Exchange Quotations

August 15, 1934

1933-34 High	1933-34 Low	Div. $ per Sh.	STOCK	Last Sale Mon. Aug. 13	Last Sale Tue. Aug. 14
4	3	—	Adams Express	7½	7
13¾	11⅛	0.60	Alaska Juneau	21½	20¾
33	70¾	6.00	Allied Chemical & Dye	127	126
160	19½	4.00	American Can	97¼	97½
107½	5⅞	—	American & Foreign Power	6¼	6
19⅞	3⅛	—	American Metal Company	20	19½
27¼	10¾	—	American Smelting	39	37¼
53½	86½	9.00	American Tel. & Tel.	112	110
134¾	50¾	5.00	American Tobacco "B"	75½	75½
94⅜	10¾	1.00	American Waterworks	17	17
43¾	5	—	Anaconda Copper	13⅜	13
22⅞	5⅞	—	Atlas Corporation	9¼	9
18⅝	81	2.00	Auburn Automobiles	19¾	10½
84⅛	8¼	—	Baltimore & Ohio	16	15⅝
37⅞	10⅛	—	Bethlehem Steel	28½	27¼
49¼	18	1.60	Borden Company	25⅝	25⅝
37⅞	5½	0.25	Borg Warner	20⅜	20½
28½	7½	—	Canadian Pacific Railway	14⅛	13¾
20⅞	30½	—	Case, J. I.	41¼	41¼
103½	16⅝	1.40	Chase National Bank	24½	24½
47⅞	14⅞	2.50	Chesapeake Corporation	38¾	38½
52½	7¾	1.00	Chrysler Corporation	32⅞	32½
59	9	0.50	Columbia Gas & Electric	9	9
28½	1⅝	—	Commonwealth & Southern	1¾	1⅝
6½	34⅜	3.00	Consolidated Gas of N. Y.	28	27¾
64½	4⅞	—	Continental Oil	19½	17½
22½	2⅝	—	Coty Inc.	4⅝	4⅝
9	1½	—	Curtiss Wright Company	3	2⅝
57⅛	32⅛	*2.00	Du Pont de Nemours	90¼	88⅞
103⅞	46	3.00	Eastman Kodak	98¾	98
100¾	10	—	Electric Bond & Share	12	11⅜
41⅝	3½	—	Electric Power & Light	4⅛	4
15⅝	12	—	Fox Film "A"	10	10⅛
19	2⅞	—	General Aviation	4⅛	4
10¾	10½	0.40	General Electric	19¼	18⅞
30¼	21	1.50	General Foods	29½	29⅝
39⅞	10	*1.00	General Motors	30⅝	30⅜
42	13¼	1.00	General Railway Signal	29¼	29
49½	12	1.20	Gold Dust	18	18
27⅝	9¼	—	Goodyear Tire & Rubber	23½	23
47½	6⅛	—	International Cement	22⅝	22½
40	13⅝	0.60	International Harvester	27	26⅝
46⅛	6¾	—	International Nickel	26⅜	25⅞
29	5⅞	—	International Tel. & Tel.	9⅞	9⅝
21¾	21¼	—	Johns Manville	43¾	43
66⅝	7⅞	—	Kennecott	20¼	19⅝
26	37½	2.40	Lehman Corporation	68½	68½
79⅝	49¼	*4.00	Liggett & Myers "B"	97¼	96½
99¾	8½	1.00	Loew's Inc.	27⅜	26⅝
36½	10⅝	1.20	Lorillard P. (Com.)	17⅝	17¾
25¼	8⅝	—	Montgomery Ward	23½	23
35⅝	16⅞	1.00	National City Banks (bid price)	22¾	22¾
64¼	5⅝	—	National Distiller	19	19
41⅝	14	—	New York Central	21¼	21¼
58½	12¾	8%S	North American	13¾	13½
86½	81½	2.00	Owens Illionois Glass	67	67
96¾	15	1.00	Pacific Gas & Electric	16	15½
31⅞	1¾	—	Packard Motors	3¼	3⅜
6⅞	13⅝	0.50	Pennsylvania Railroad	22½	22⅜
42½	1½	—	Pennroad Corporation	2	2
6⅜	4⅝	—	Phillips Petroleum	17½	17⅜
20⅝	3	—	Radio Corporation	5⅝	5⅝
121¼	26½	3.00	Reynolds Tobacco "B"	45⅝	45⅞
54¼	12½	—	Sears Roebuck	35¼	34⅝
51¼	6	1.00	Socony-Vacuum Corporation	14⅝	15¼
19½	14⅛	2.00	Southern California Edison	14	13⅝
28	5½	—	Standard Gas & Electric	8¼	8⅛
22½	22¾	1.00	Standard Oil Co. of N. J.	44⅝	44⅝
50⅛	45¾	3.80	Sterling Products	61¼	60
61¾	1½	—	Studebaker	3	2⅞
9	10¾	1.00	Texas Corporation	24	24
30⅛	2⅝	0.12	Transamerica	6	5⅞
9⅝	19¾	1.00	Union Carbide & Carbon	42	41½
51⅞	61¼	6.00	UnionPacific	98	97
133⅜	16½	—	United Aircraft & Trans.	16⅝	16
46⅞	4⅛	—	United Corporation	4	4
14¼	13⅞	1.20	United Gas Improvement	14⅞	14⅞
25	2⅞	—	U. S. Rubber	16⅞	16⅛
25	22⅝	—	U. S. Steel	34⅝	33⅝
67½	21¼	*2.00	Universal Leaf Tobacco	Unq.	21¾ ?
51½	19¾	—	Vanadium	18⅛	17⅛
31¾	25¼	—	Warner Bros. Pictures	4⅛	4
9¼	7¼	—	Westinghouse E. & M.	32⅝	32½
58¾	28⅝	2.40	Woolworth	50⅞	49⅞
			PREFERREDSTOCKS AND BONDS		
54⅞	35	none	American & Foreign Power 7% Pfd.	15¾	16½
44⅞	25	5.00	Amer. & For. Power 5% debs. of 2030	51¾	52½
59½	25	6.00	American Waterworks $6 preferred	63	65½
80	18	5.50	Cities Service Power & Light 5½s/52	44⅝	45
48½	34	6.00	Electric Bond & Share $6 preferred	43½	43⅝
66	35	4.50	Int. Tel. & Tel. conv. 4½s of 1939	67½	67⅞
69¾	91½	5.00	New England Gas & Electric 5s 1947	57	54⅞
65	44¾	6.00	Standard Gas & Elec. 6% notes 1935	92	7⅞

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